JPRS 78163

27 May 1981

East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2130

FBIS FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Indexes to this report (by keyword, author, personal names, title and series) are available from Bell & Howell, Old Mansfield Road, Wooster, Ohio 44691.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

JPRS 78163

27 May 1981

EAST EUROPE REPORT

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2130

CONTENTS

BRIEFS

CSSR VEHICLE EXPORTS TO CUBA--Currently there are 500 CSSR-made Avia 30 trucks operating in Cuba, modified to operate under tropical conditions. During the Seventh Five-Year Plan, Czechoslovakia will increase exports of these trucks to 200 per year. The foreign trade enterprise Motokov will also export to Cuba Skoda passenger cars, vans, ambulances and special agricultural machinery. [Bratislava SMENA in Slovak 7 May 81 p 5]

CSO: 2400/200

DIRECTIVE ON 1981-1985 FIVE-YEAR PLAN PUBLISHED

East Berlin NEUES DEUTSCHLAND in German 18-19 Apr 81 pp 3-8

/Official text: "Directive of the 10th SED Congress on the Five-Year Plan for the Development of the GDR Economy During 1981-1985"/

/Text/ As noted in the SED Central Committee report to the Tenth SED Congress, the GDR has shown stable, constant and dynamic development in the years 1976-1980. By their outstanding efforts in the socialist competition the working people further strengthened the socialist state of workers and farmers. The socialist social order pervaded life in all its spheres. In this period the GDR continued to flourish as a country with major economic capacity, and the results of material production increasingly benefited the people. Education and culture achieved a standard unprecedented in the history of our people.

This development was possible only because, led by the SED, the working people more and more fully utilize the benefits of the socialist social order, because the relation of trust between our party and the people is increasingly close, and because the GDR is firmly incorporated in the socialist community of nations. Accordingly the international positions of socialism were consolidated and the efficacy of the GDR's peace loving foreign policies improved.

In the period of the 1976-1980 Five-Year Plan we achieved the greatest rise in output ever. This satisfactory result is due to significant advances in the intensification of production. Science and technology were used in the economy with increasing benefits. The socialist competition developed into the greatest and most extensive popular movement in preparation of the Tenth SED Congress.

The benefits of socialism, enhanced by sensible policies and creative hard work, are reflected in the results. The citizens of our country found their efforts rewarded. The sociopolitical program of the Ninth SED Congress was implemented item by item, and the material and cultural standard of living of the people rose substantially.

The achievements of the period 1976-1980 demonstrate that the individual profits from what benefits society as a whole. The guidelines provided by SED resolutions are correct because directed to the further organization of the developed socialist society, and because man and his all-round development are the focus of all action.

The people understand this tried and tested SED policy and [illegible]ely back it by outstanding efforts in all spheres of social life. At the same time these efforts provide the basic preconditions for the GDR's further successful advance in the 1980's.

1. Main Goals of 1981-1985 Economic Development

The targets of the 1981-1985 Five-Year Plan aim to secure and steadily pursue the stable and dynamic development of the GDR's economy in the coming five-year plan period also. Backed by the standard achieved and the further perfection of productive forces and production conditions, the 1981-1985 Five-Year Plan tackles another significant period of time in the organization of the developed socialist society in the GDR.

The long-range strategic orientation of the SED continues to be the main task decided upon at the Eighth SED Congress and reaffirmed by the Ninth SED Congress--to further raise the people's material and cultural standard of living on the basis of an advanced rate of development of socialist production, the improvement of efficiency, scientific-technological progress and productivity.

Stable growth, economic efficiency, constantly rising productivity and quality are indispensable for socialism. Man's needs continue to grow, and at the same time we can distribute only that which has first been produced.

Intensification will have to be emphasized even more in order to raise the volume and quality of social production to the extent required. The consistent implementation of intensification must be interpreted as a priority concern of economic strategy to the same extent as the creation of the socialist planned economy as such.

It is imperative more productively to use the available and important basic assets while further raising their efficiency, rationally use production areas and space, secure much improved materials management, the realization of scientific labor organization and the complete utilization of working hours. Implementation of these tasks must result in the noticeable reduction of production consumption and prime costs. In this context the creative cooperation and active involvement of all working people assumes signal importance.

Socialist intensification is organically linked to the improvement of working and living conditions for the working people. It thus becomes a basic concern of every individual and profoundly relates to his personal interests.

For the GDR economy the changes on the international markets also involved a change in reproduction conditions, which had to be taken into account in the drafting of the five-year plan. They relate especially to the rise in the prices of energy, raw materials and other materials, which is continuing, the greater difficulty of obtaining them and the rising costs of development of the domestic raw materials base. This involves the necessity more fully to exploit such factors of the socialist planned economy as the substantially greater scientific-technological potential, the high and still rising level of the working peoples education and skills, the available extensive basic assets and the wealth of experiences in management and planning for the growth of our economic capacity.

The fraternal alliance with the USSR and the other countries of the socialist community of nations is the foundation of the GDR's continued stable and steady advance. Consistently deepened on this base are socialist economic integration, economic and scientific-technological cooperation with the USSR and the other fraternal countries, and the benefits of the international socialist division of labor are thus utilized for the GDR economy.

The successful pursuit of the policies oriented to the people's welfare requires us in the 1980's purposefully to rise to a higher standard of productivity and efficiency.

This will provide the prerequisites for permanently ensuring the rise in capacity and guarantee that the tried and tested line of the unity of economic and social policies may continue on the basis of a quantitatively and qualitatively rising level of production. Consequently the necessity arises especially by the greater efficiency of science and technology in all sectors of the economy to develop reserves in new dimensions, achieving high and stable rates of growth in production and productivity beyond earlier accomplishments, and decisively improve the cost:result ratio in all areas.

The necessary rise in output, the availability of more and better finished products for the public supply, the economy and exports must be achieved with a volume of energy and main raw materials, which either remains the same or expands only very slightly. This requires us most of all decisively to lessen production consumption.

It is an essential feature of the 1981-1985 Five-Year Plan that economic final results will have to grow more rapidly than production consumption and investments. That is the indispensable condition for the rapid rise of the gross national product and the further strengthening of the economy's material-technical base as the foundation of the guarantee of gradual improvement of the people's working and living conditions. The necessity therefore arises ever more effectively to couple the benefits of the socialist social order with the scientific-technological revolution. More and more must the level of performance and the growth of the economy, its efficiency, be characterized by the most advanced achievements of science and technology. Only thereby will it be possible by greater productivity to counterbalance the burdens arising from the changes on the world market and the international situation and satisfy the growing needs of society in the coming years.

One of the prime prerequisites is the planned realization of the new strategic trends in science and technology, the development and application of new operating principles, efficient technologies and processes, the organization of a powerful rationalization push and the necessary qualitative changes for the organization of the economic structure and the production profile. Top scientific-technological achievements must be applied across the entire economy.

Attention must be focused on the accelerated development and application of

> Microelectronics, automation, computer controlled machinery, computer techniques for the more efficient organization of production and administrative work.

At the same time the greater refinement of energy sources, raw materials and other materials must become a deciding basic trend in the economy's development. We must assume that the growth of output and the gross national product may no longer rely on the increased use of materials but must instead base on more highly skilled work. It will therefore be necessary everywhere to adopt the measures required to achieve the maximum increase in the output of high quality products by the greatest possible refinement of the raw materials used.

The basic guarantee of this strategy's realism is the high standard of productive forces achieved, the perfection of socialist production conditions, the tremendously large and still growing intellectual potential of our people, the GDR working people's profound confidence in SED policies, its creative force in the socialist competition and the initiative of the young.

The preparation of the 1981-1985 Five-Year Plan must be based on the following main indices:

-- The produced national income is to be raised to 128-130 percent and, in 1981-1985, is to achieve a total of more than M1 billion.

-- Industrial goods production is to be raised to 128-130 percent, in the competence of the industrial ministries to 131-133 percent.

-- The productivity of blue and white collar workers in industry is to be raised to 128-130 percent.

-- The specific consumption of important energy types, raw materials and other substances per unit of industrial goods production is to be reduced by an average of 5.0-5.5 percent per annum; the recovery and utilization of secondary raw materials is to be raised to 128-130 percent.

-- In agriculture the total yield of crop production is to be raised by 1985 to 43.2-43.7 decitons of grain units per hectare of agricultural area; the state yield of slaughter cattle to 2,400-2,420 kilotons and milk production to 6,930-6,950 kilotons.

-- Construction output in the economy as a whole is to be raised to 118-120 percent, in the responsibility of the Ministry for Construction to 123-125 percent.

-- Transportation services with respect to freight carriage are to be raised to 111-112 percent.

-- In 1981-1985 a total of M268-272 billion are to be invested in the economy.

-- By 1985 exports to the socialist economic area are to rise to 150 percent by comparison with 1980. Trade relations and economic cooperation with the developing countries are to be further expanded; trade and economic relations with the capitalist industrial countries further developed on the basis of equality and reciprocal benefit.

Backed by growing economic performance the main task in its unity of economic and social policy is to be purposefully pursued in the years through 1985. The people's material and cultural standard of living is to be guaranteed and gradually further improved.

The focus will be on the following goals:

-- The housing construction program is at the center of the social policies pursued by the party of the working class. It is to continue with the aim of gradually settling the housing problem as a social issue with completion by 1990.

In 1980-1985 construction and modernization are to provide a total of 930,000-950,000 housing units; 600,000 of these will be new units. This is to improve housing conditions for another 2.8 million citizens at stable rents.

-- The people's net cash incomes are to be raised by 120-122 percent.

-- Retail trade turnover is to rise to 120-122 percent while maintaining stable prices for basic necessities and offering more and more new and high quality consumer goods in response to the demand. Goods are to be offered in all three price groups.

-- The further improvement of the intellectual-cultural standard of the working class and all other working people necessitates the further perfection of the educational system. Consequently the facilities of public education, higher, technical and vocational education must be steadily upgraded and all measures for the further education and training of workers, cooperative farmers, the intelligentsia, women and youth resolutely implemented. The opportunities for the satisfaction of the people's cultural needs are to be further improved, especially by the maintenance, reconstruction and gradual expansion of cultural facilities.

-- Medical and social care of the people, especially the safety of the working people at work, is to be further improved as planned.

To be maintained is the emphasis on the development of those sectors of the health care system, which daily look after the citizens and are most frequently consulted with respect to the prevention, diagnosis and treatment of disease.

Social care, especially for mother and child, the veterans of labor and aged citizens as well as the disabled, is to be further expanded in close cooperation with other state sectors and social organizations.

Recreational opportunities for the working people are to be further improved with regard to quality, and the volume of vacation trips to facilities of the labor unions and enterprises raised to about 4.7 million trips by 1985.

-- Working and living conditions for working people in the enterprises are to be further improved mainly by gradually reducing the incidence of jobs involving heavy manual and hazardous labor, perfecting workers welfare and expanding works medical care.

-- The social funds for housing, the maintenance of stable rents, fares and prices of essential goods, for the satisfaction of the growing health, social and intellectual-cultural needs of the public are to be raised to about M295 billion for the period 1981-1985. That represents a rise to 126 compared with 1976-1980. The resources of the cultural and social funds of enterprises and facilities are to rise to 120-125 percent.

-- The real per capita income is to rise from 121-123 percent by 1985 compared with 1980.

Berlin, the GDR capital, is further to be organized as the political, economic and intellectual-cultural center of the socialist GDR. In 1981-1985 at least 100,000 new or modernized housing units are to be provided in Berlin and another 60,000-65,000 to be repaired. Further to be expanded are the facilities for the education, training, care and recreation of children and youths as well as for the planned improvement of working and living conditions in accordance with the efficient utilization of available capacities. The performance targets for Berlin industry for 1981-1985 are to be oriented to the greatest possible rise in output and efficiency. Above average growth of efficiency is to be ensured especially in the electrical engineering/electronics and machine construction industries. Important assignments are to be carried out also by the enterprises of the chemical industry, the light industry and the foodstuffs industry (including especially the enterprises of bezirk managed industry) for the public supply. The scientific potential of the GDR Academy of Sciences in the capital must be expanded primarily in the fields of physics, electronics, chemistry, mathematics, biology, medicine and the social sciences. The standard of basic research must be resolutely improved and the scientific potential more resolutely used for the intensification of production in industry and construction. At the same time the capacities of the higher education system and the combines must be further developed. To be utilized to the fullest are the opportunities offered by the concentration of efficient forces of science and production in the capital in order further to raise, by the development and manufacture of products of a high scientific-technological and economic standard, the contribution of Berlin industry to the qualitative expansion of the GDR economy's material-technical base, to the appropriate supply of consumer goods and rising exports. Of particular importance is the development of the construction industry, including building production for housing repairs and maintenance. The efficiency of the transport system, the wholesale and retail trade as well as city services are to be further improved as planned.

The central youth project "FDJ Initiative Berlin" must be energetically encouraged. This will require enhanced contributions from all districts.

In the intellectual-cultural sphere the great potential of the capital must be utilized even more effectively to further increase its power of cultural attraction as well as the constantly greater satisfaction of the growing and more sophisticated cultural needs of the working people.

The tasks involved in the economic buttressing of national defense as well as internal security and order must be comprehensively and emphatically guaranteed in accordance with the requirements of the 1981-1985 Five-Year Plan. The obligations arising therefrom must be conscientiously met by state and economy managing organs, combines, enterprises, facilities and cooperatives.

II. The Tasks of Science and Technology and for the Improvement of the Efficacy of Qualitative Factors of Economic Growth and Efficiency

1. The key issue involved in the improvement of the efficacy of qualitative factors with regard to economic growth is that of the speed-up in scientific-technological progress and the wide application of its results in all areas of the economy. It is imperative to cut research and development times and more quickly transfer the results of research to production. The incidence of top performances must continue to increase. They must be used widely and profitably without any loss of time. This process, in the course of which the proportion of top quality products in mass production grows while obsolete products are superseded, is crucial for the economic effect of scientific-technological progress.

This must contribute to the noticeable increase in the contribution of research and development to the rise in the gross national product.

The creative efforts of scientists, engineers and innovators must be directed to solutions which will help obtain the maximum functional value and greatest improvement in productivity with respect to every unit of raw materials and energy sources used. Of the utmost importance in this context is the continued flourishing of inventive inspiration.

Rationalization at a high technological level is the primary means more comprehensively to exploit the opportunities offered by science and technology for the improvement of productivity and the working and living conditions of the working people.

Accordingly the economy must achieve an annual saving of 490 million working hours in 1981, rising to more than 600 million hours in 1985. At the same time manpower must be freed for other productive tasks and working conditions for the working people further improved.

Scientific-technological work, including standardization, must have a definite bearing on the noticeable reduction of production consumption.

To lower specific energy use it will be necessary to provide the scientific-technological as well as material-technical prerequisites so that specific energy consumption in 1985 may be lower by the equivalent of 65-70 million tons of raw brown coal than it was in 1980, and that the use of heating oil as an energy source and of hard coal and hard coal coke for the production of energy will be extensively reduced.

Efficient and cheap technologies as well as volume-saving designs must be developed and introduced to lower specific materials consumption. The aim is the achievement in 1985 of materials savings amounting to about 2.0 million tons of rolled steel, more than 45 kilotons of aluminum, some 15 kilotons of copper and 1 million tons of cement as well as definite savings of precious metals, other nonferrous metals and alloy components, plastic substances and lumber.

The organization of an efficient production and export structure in the economy on the basis of the greatest possible refinement of the available raw materials and

other materials urgently requires scientific-technological solutions for the improvement of the qualitative standard of products and the volume-performance ratio. Research and development must concentrate on ensuring that products help set the most advanced international standards with respect to their functional value parameters, costs, durability, reliability and design, and that they respond to the growing need to strengthen the material-technical base of the economy at advanced technological standards, the availability to the public of new and high quality consumer goods and profitable exports.

By 1985 the output of top quality products with the "Q" quality mark must be raised to about M100 billion.

By the extensive improvement in the scientific-technological standard of components and good design, especially of consumer goods, product quality must be bettered across the entire spectrum of the economy.

To safeguard this fundamental aim the GDR research and development potential must concentrate on the following main issues:

-- Rational energy use and availability on the basis of domestic brown coal, the extensive utilization of secondary energy reserves and increasing use of nuclear energy, accompanied by the greatest possible efficiency of the equipment for coal mining and the facilities for energy conversion;

-- The most efficient utilization and greatest possible refinement of the available raw materials as well as the maximum recycling of secondary raw materials and waste products;

-- The speeded-up development and use of microelectronics as the key technology everywhere in the economy, in order to improve productivity by the automation of operations and information processes as well as lower raw materials and materials consumption;

-- The development and efficient use of highly refined chemical and metallurgical substances and silicates as well as the introduction of materials-saving technologies and designs for the improvement of the volume-performance ratio;

-- Improvements in productivity and the qualitative standard of important machines, devices and plant for rationalization and exports (profitable in terms of foreign exchange) on the basis of labor, energy and materials saving processing technologies, coupled with the extensive use of industrial robots and the deployment of efficient test techniques;

-- The development of high quality and cheap consumer goods at excellent quality and of good design, responding to the public demand and exports profitable in terms of foreign exchange, including the subassemblies and advance products needed to secure the proper standard;

-- The maintenance, improvement and restoration of health by effective contributions from medical research facilities for the prevention as well as the tracing of the causes and conditions of diseases, and the avilability of the effective drugs and medical technologies required.

-- The improvement of the qualitative standard and the lowering of costs in housing and industrial construction by the introduction of efficient innovations, especially with regard to the modernization of older residential buildings and the reconstruction of industrial buildings as well as of new products for the modernization and equipment of residential buildings;

-- The satisfactory availability to the public of foodstuffs and to manufacturing industry of raw materials produced by domestic agriculture and the foodstuffs industry as a result of the improved yield of crop and animal production on the basis of progressive findings of the life sciences, including genetic engineering.

Strategic advance research at the GDR Academy of Sciences, universities, colleges and combines must be directed to these main targets. Consequently it will be necessary further to deepen cooperation between the research and development facilities of combines, the Academy of Sciences and university research. Such scientific and scientific-technological results must be achieved as will enable us to obtain the greatest possible efficiency and quality of the reproduction process and meet the most advanced international levels in vital fields. To do this we must create a competitive climate, beginning with the formulation of assignments, so as to produce the greatest possible creative achievements.

To ensure the greatest possible speed of development and the greatest possible efficiency of science and technology it will be necessary more fully to use the results arising from international scientific-technological cooperation with the USSR and the other CEMA countries. International scientific-technological cooperation must be deepened as planned to become an efficient arm of the division of labor.

Patent work must be much strengthened for the rapid economic utilization of advanced scientific-technological findings and the wide application of our own research results.

Within the scope of the research programs of the natural and technical sciences basic research must further emphasize the advance work needed for our economic development in the following directions especially:

-- In mathematics, mechanics and cybernetics for the automation of production and information processes and the optimum use of materials;

-- In physics, including nuclear physics and synthetics science for the development of microelectronics, the organization of an efficient energy and synthetics base, measuring technology and automation as well as scientific device construction.

-- In chemistry for the intensification of processes involving materials, especially the greater refinement of raw materials, synthetics and energy sources;

-- In life sciences for microbiological technologies and genetic processes, the improvement of yields in animal and crop production, high quality foods and for medicine;

-- In geology and cosmology for the better use of natural resources;

-- In engineering sciences for the rationalization of energetic processes, the design of products for the automation and mechanization of processing as well as for transportation, handling and warehousing processes.

In order steadily better to cope with the more and more intensive interrelation between scientific-technological, economic and social progress, the greater development of the productive forces, the perfection of socialist production conditions and the social superstructure, the contribution of science must be further raised by more effective cooperation between the natural, social and technical sciences.

On the basis of the "central research plan of the GDR Marxist-Leninist social sciences 198101985" the social sciences must provide effective contributions to the all-round consolidation of real socialism, accompanied by the further definition of their interdisciplinary nature. Research must concentrate especially on ways and means to improve the capacity of the economy by the speed-up of scientific-technological progress, the methods for implementing the unity of economic and social policies and the development of the socialist lifestyle.

More attention will have to focus on researching the operation and better utilization of the economic laws of socialism in the construction of the developed socialist society and the creation of the fundamental conditions for the gradual transition to communism. Purposefully to be pursued is research concerning the dialectic of the individual and society in socialism, the development of the socialist personality, the further perfection of socialist democracy, the development of the awareness of history and the nation, as well as ideological, patriotic and internationalist education.

To improve the efficacy of science and technology it will be necessary for management and planning fully to master the connection between research, development, planning, investment and production through the sale of the product.

Central planning must plan the targets for the implementation of economic innovatory processes in their complex connections from research through the economic utilization of the results, extending to industries and combines; their implementation must be centrally managed and reported.

Consonant with economic requirements central planning of research and technology must assign the combines challenging tasks for top performances as well as advanced economic targets.

The targets to be set the research collectives must correspond to the most advanced standards and development trends of international science and technology, oriented to the very best quality and lowest costs, and recorded in the duty books.

On this basis the volume of patentable inventions must be substantially raised.

To be further expanded in particular is the research and development potential of the combines, the GDR Academy of Sciences, the universities and advanced schools as well as the scientific-technological facilities of other sectors for the assurance of strategic preliminaries and high standards of technology. In order to

achieve this the material-technical base must be more efficiently used and further strengthened by the expansion and reconstruction of research and development facilities as well as the planned availability of modern research equipment.

By assigning them a large share of the tasks involved in the plans science and technology the scientific-technological creativity of innovators, inventors and rationalizers, especially young people in the movement "Fair of the Masters of Tomorrow," must be purposefully utilized for the accomplishment of five-year plan targets.

2. It is a fundamental obligation to ensure the achievement of the designated aims in the advance of efficiency and the growth of the economic end product with no more than the available funds of energy sources, raw materials and materials, and to do so by a new quality of energy and materials management. A definite lowering of production consumption as well as the greatest possible refinement and recycling of the available raw materials must be achieved in all sectors of material production.

In the period 1981-1985 the specific consumption of important energy sources, raw materials and synthetic materials (related to one unit of industrial goods production in the scope of the industrial ministries) must be lowered by an average of 5.0-5.5 percent per annum. Specific rolled steel consumption in the metal processing industry must be reduced by an average of 6.3-6.5 percent per annum and energy intensity by an average of 4-5 percent per annum. All sectors of the economy must therefore adopt resolute measures for the most efficient utilization, especially by the greater refinement of oil and energy, of products of the chemical industry, ferrous and nonferrous metallurgy and the available stocks of precious metals, lumber, paper and cotton.

Care must be taken to ensure that the available plastics are used to the greatest economic benefit.

We therefore need, with the help of modern technologies, to pursue the production process up to the farthest possible processing stages, substantially to improve the volume-performance ratio by light construction, and by the use of microelectronics considerably to raise the output and functional value of products while lowering the use of materials. Decisive materials savings are to be achieved by the best possible product quality, the noticeable improvement of technical reliability and durability. All industries must steadily continue the measures to improve anticorrosion by the correct preliminary treatment, the most efficient use of the available coatings and modern anticorrosion processes.

It will be imperative so to perfect the work with the materials, equipment and consumer goods balances as the most important planning instruments that economic reserves may be developed and material funds used with the greatest efficacy.

All sectors of the economy must enforce efficient stock management. The cost of storage in the sectors must be lowered by sophisticated targets consonant with the requirements of reproduction. The normatives and norms of energy, materials and packaging consumption as well as stotrage, the standards, design and calculation regulations must be so set and constantly brought up to date in all sectors based on comparisons with the most advanced international standards and the resources

available in our economy), that they meet the demands of the 1980's and result in qualitative changes. On the basis of justified technical-economic materials and energy consumption norms managers must encourage the social initiatives of the working people in the socialist competition and direct the activism of work collectives to the most efficient utilization of material resources. The FDJ action "Materials Management" and the corresponding projects of the Pioneer Organization Ernst Thaelmann are to be promoted.

The trade in means of production must further improve the smooth flow of supplies to the economy. By intensification of the transportation, handling and warehousing processes supply movements as well as the standard of the supply of goods and services to industry and the public must be bettered.

3. The use, most efficient for the economy, of the investment resources available in 1981-1985 is crucial for the continuing growth of economic performance. Investments must be oriented to the qualitative perfection of the material-technical base.

Research, development and investments must be so linked as to safeguard the planned transfer of new products and technological processes corresponding to the highest possible standard of science and technology and of crucial importance for the evolution of the most efficient possible structure of the economy. At the same time we must make sure that the preparation and realization of investments are based on the latest findings of research and development. Investments must aspire further to improve the export strength of the GDR economy.

basic asset and investment efficiency must be substantially raised in all sectors and branches of the economy by the consistent realization of socialist intensification and rationalization. Coordinated planning of basic asset reproduction and the tasks of science and technology must provide the material-technical conditions for the dynamic growth of the economic performance and the noticeable reduction in social expenditure. Within the scope of investment activities more jobs must be eliminated than created.

The quality of investment preparation must be improved. The efficiency and efficacy of planning facilities must therefore be perfected.

In the use of investment resources renovation, modernization and reconstruction of basic assets must enjoy absolute priority. These measures should concentrate on capacity determining production sectors and be linked closely with the perfection of manufacturing organization and the sequence of operations. The start of new major investment projects should be limited to the extent indispensable to the economy.

To be definitely raised is the share of socialist rationalization in investment resources. By introducing modern and manpower saving technologies with new and high quality machines and equipment in the available building substance we ensure the necessary growth in performance and efficiency without any need for additional manpower and instead allow manpower to be freed for the better utilization of the existing and new modern equipment. The daily utilization of important production plant is to be raised to 16-17 hours in 1985.

In order to cut delays in the implementation of investment projects by one third to one half it will be necessary to concentrate investment resources, start fewer new projects and thereby reduce the numbers of projects simultaneously in the process of implementation and the proportion of incomplete investment projects.

By fixing the properly balanced ranking and sequence of investment projects we must ensure that the construction and equipment capacities available are mainly concentrated on the speeded-up completion of projects with the greatest production and export efficacy.

In all sectors of the economy the construction part of investments must be substantially reduced, in industry to no more than 25 percent. Construction combines and enterprises in cooperation with the investment clients as well as the combines and enterprises of the investment goods indstry must develop cost lowering construction technological and design solutions or made to use the best available methods.

Other reserves for the reduction of construction costs should be developed by the selection of the most favorable sites, the intensive utilization of prepared sites, the reduction in the cost of the preparation of buildings, roads and tracks as well as the common use of supply, cultural and social facilities, computer centers, and so on.

Investment cost and construction time normatives must be steadily perfected and consistently applied on the basis of modern planning as well as the use of bid and reuse designs.

In-house production of industry specific rationalization aids must be raised quickly in all sectors of the economy; industry generally must double its output of in-house rationalization aids by 1985 compared with 1980. The in-house rationalization aid construction of combines and enterprises is to be effectively backed by the appropriate availability of components, standardized parts and subassemblies.

To be increased considerably is the personal responsibility of managers for the punctual and qualified preparation, the planned implementation and beginning of operations of investment projects. The initiative of the working people directly involved in investment procedures must be even more effectively directed to the punctual, good quality and contract-appropriate if not early completion of projects, to below-plan expenditure, the observance and more of the confirmed technical-economic parameters and the reduction of costs.

4. To raise the efficiency of the social labor capacity attention must be focused on the following tasks:

-- To be achieved in more and more enterprises and combines is the faster growth of productivity by comparison with the rise in industrial goods production, especially by the improvement of the technological standard of production, the quicker generalization of best experiences and the reduction of unjustifiable differences in standards. The saving of jobs and manpower as a vital issue for the assurance of the greatest possible growth of efficiency must be substantially raised by measures of socialist rationalization. The manpower structure must be improved, in particular by raising the percentage of those directly involved in production.

The use of scientific labor organization must guarantee smooth flowing operations and the better utilisation of working hours, less stoppages and idle times and, in this respect also, improve material working conditions.

Care must be taken to ensure that the working people are, from the very beginning involved in the preparation and implementation of measures for the further perfection of production and working conditions, new technologies and processes for saving working hours and jobs.

It will be necessary, therefore, even more quickly and effectively to generalize the experiences of the best, in particular their most progressive working methods.

The working people must be assisted in their efforts to acquire the necessary work experiences and develop their knowledge, abilities and skills in the work process.

-- Taking into account the experiences tested in 1976-1980, performance-oriented wage policies are to continue in the interest of the working class, so as to ensure the greatest possible rise in economic performance. Combines and enterprises hold a great responsibility in ensuring that such types of wage payments are used, which affect the rapid and more efficient utilization of scientific-technological findings for the improvement of productivity and efficiency and the development of internal reserves by scientific labor organization.

-- The advanced educational and training levels of the working people must be brought to bear more in the interest of the ambitious performance and efficiency targets and further extended as planned.

The vocational training of apprentices, the training and employment of university and technical school graduates as well as the further education of the working people must be made to respond even more appropriately to the requirements of the development of scientific-technological progress in tne branches and sectors of the economy and future social development.

Combines, enterprises and facilities, bezirk and kreis councils as well as the polytechnical secondary schools must therefore further improve vocational counseling with the aim of recruiting young people for training in various professions or university studies in accordance with economic requirements.

In order better to utilize the high level of education and training of the working people and help the further development of socialist personalities the job content must be improved by proper job organization.

The greater efficacy of the qualitative factors of economic growth must result in the lowering of social costs by at least 15 percent in 1985 compared with 1980, and in all sectors of the economy. On this basis it will be necessary to guarantee the greatest possible growth of the economic end product. That target includes a noticeable lowering of production consumption and material costs in all social sectors. Special importance must be assigned the further reduction in the expenditure of energy, basic materials and all auxiliary materials.

To that end combines, enterprises and facilitates must exhaustively analyze all elements of the uniform reproduction process and discover and use all sources and opportunities for additional reserves.

Accordingly it will be necessary also, and especially, to purposefully lower overheads, administrative costs and the costs of rejects, reworking and warranty work.

To give summary expression to the improvement of efficiency, it will be necessary for industry in 1981-1985 to lower factory costs by 3 percent annually. The control, exact reporting and analysis of costs must be lifted to a higher level in enterprises and combines so that the experiences of the best may be utilized in the most efficient use of live and embodied labor.

The most effective employment of all available resources and the thriftiest handling of all material and financial funds must be consistently enforced in all sectors of the economy as a principle of socialist management. To do this it will be necessary further to improve the efficiency of economic accounting in all sectors.

III. Tasks for the Development of the Economy's Material-Technical Base

In 1981-1985 the material-technical base of the GDR economy must be purposefully further broadened as the decisive foundation of the further assurance of stable economic growth, the greatest possible productivity and efficiency of social labor as well as the further gradual improvement of the people's working and living conditions. There will be growing challenges to the quality of the material-technical base in order further to strengthen the GDR's status as a modern socialist industrial state. In the years through 1985 especially those types of production are to be developed, which correspond to the economic and scientifi:-technological requirements of the present and the future.

In 1981-1985 the broadening of the material-technical base of the economy must concentrate on the following key points:

1. Security of the Economy's Energy and Raw Materials Base

In view of the steadily rising world market prices of raw materials, fuels and materials, it will need great efforts to secure the energy and raw materials base of the economy. The tasks involved therein must be largely carried out by way of the greatest possible efficiency of intensification, reconstruction and rationalization. In the foreground is the necessity decisively to raise the efficiency of energy use. The domestic energy and raw materials base must be expanded, accompanied by a significant improvement in energy and materials management as well as the far greater refinement of initial materials refinement, especially in the chemical and metallurgical industries as well as the processing industries. Greater refinement is a fundamental task for the raw materials industry and the development of an efficient structure of economic production. It will therefore be necessary to institute closed materials circulation coupled with the full utilization of byproducts as well as the recycling of secondary raw materials, and to assign the highest priority to the economic use of energy, raw materials and other materials.

The structure of the primary energy base must be consistently oriented to our domestic raw material brown coal and to nuclear energy. In the foreground must be the rational use of energy and the increased utilization of existing reserves for saving energy in all sectors of the economy.

In order comprehensively to enforce rational energy use the scientific-technological potential is to be directed to the main conversion processes of brown coal, electric energy , heat production and coal refinement, the settlement of the vital issue of substitution and the achievement of the highest possible scientific-technological standard regarding the energy needs of products and processes.

We must therefore resolutely and consistently replace heating oil, hard coal, hard coal coke and motor fuels by the use of domestic energy sources.

To be provided are the material prerequisites for meeting the demand for heat, whether for production or heating, on the basis of raw brown coal and by the increased utilization of waste heat and heat-power coupling in all sectors of the economy.

By 1985 raw brown coal output is to be raised to 285-290 million tons. New production capacities with an annual volume of at least 70 million tons are to be created by the intensification of existing capacities and the development of new strip mines. The use of conveyor equipment is to be increased. Auxiliary and ancillary processes in strip mines must be thoroughly rationalized and mechanized.

Briquette production must be raised to more than 50 million tons by 1985. This rise in output must be ensured by intensification and reconstruction in the existing briquette factories and the construction of a new modern briquette factory in the Black Pump gas combine.

Intensification and reconstruction in existing coking plants must ensure a rise in the volume and quality of brown coal high-temperature coke output.

Existing brown coal carbonization plants must make available high quality liquids for the production of electrode coke, paraffin and phenols from brown coal.

The planned electric energy supplies for the economy and the public must be secured by the smooth operation of existing power plants and the expansion of capacities by 3,000-3,600 megawatt. On this basis the availability of electric energy is to be raised to 112-118 billion kilowatt hours by 1985. Extensive reconstruction and repairs must ensure the greatest possible operational efficiency and stable availability of all power plants. By 1985 the share of nuclear energy in electric energy production is to rise to 12-14 percent.

Also by 1985 city gas production is to be raised to 6.7-6.8 billion cubic meters In cooperation with the USSR the utilization of domestic raw materials for materials and energetic conversion processes is to be broadened by the development of a new brown coal gasification process, especially for the gasification of saline coal.

USSR natural gas is to be used mainly for materials conversion processes in the chemical industry and for technological high-temperature processes.

Concerning the further expansion of heat supplies for residential, industrial and social buildings, the most efficient heating methods are to be used, taking regional conditions into account. The new capacities under construction must be based on the set measures for the improvement of energy management. Taking into consideration the respective locations, housing units heated by stoves will continue to be constructed and existing space heating systems retained when housing is modernized.

To be intensified in according with economic requirements are research and development of the utilization of renewable energy sources, especially for hot water supplies and heating coupled with heat pumps.

The geological industry must ensure the necessary anterior research, prospecting and discovery to secure the yield of domestic mineral raw materials. Here scientific-technical efforts must be directed mainly to the provision of the necessary conditions for the discovery of new deposits, the lowering of specific costs per discovered unit of deposit and the greater availability of existing resources.

Natural gas production is to be raised by the discovery of new deposits and the improvement of exploitation. The search for and exploration of solid mineral raw materials must be directed mainly to the replacement and expansion of existing deposits as well as the discovery of accessible resources in new regions, including the GDR coastal shelf. Ground water exploration and development must be tailored to economic requirements.

The expansion of underground storage capacities (not requiring containers) must continue as planned. In this connection it will be imperative to improve performance and efficiency indices.

It will be the task of the chemical industry to ensure the greatest possible refinement of the available raw materials and materials as the prerequisite for a qualitatively higher stage of chemicalization in the economy. The output of the chemical industry must be raised to 133-135 percent, mainly on this basis.

To raise the yield of high-quality oil products it will be necessary to achieve more advanced fission by taking into serve the fission and aromatics complex in the Schwedt Petrochemical Combine and the construction of more plants in Leuna and Schwedt.

The continuing refinement of brown coal for the production of chemical raw materials is a fundamental task, and it will therefore be necessary by reconstruction and rationalization to renew carbon chemical capacities, continue to operate them for a long time to come and organize them to be more efficient.

Carbide output must be raised to 1,250 kilotons by 1985 for further processing by the chemical industry. Carbide must gradually be used to turn out more highly refind products.

The growing demand for synthetic gas for high-quality intermediate products must be met by the reconstruction of coal gasification plants and the intensive utilization of natural gas and oil residues.

Research and development as well as the construction of research capacities for direct coal liquefaction must be speeded up for the production of chemical raw materials and fuels.

The output of plastics and rubber must be raised to 1,300 kilotons by 1985 by the intensification of existing plants. Priority must be given the development and use of high quality special assortments, especially with respect to polyvinylchloride, polyethylene and polyurethane.

The durability, range of application and specific consumption in the production of semifinished and finished plastic goods must be substantially improved by the modification, completion and improvement of the existing range of plastics and rubber. Concerning tires it will be necessary to achieve longer running life by raising the percentage of radial tires.

The production of synthetic fiber materials must be raised to some 150 kilotons in 1985. At the same time quality must be substantially improved by way of rationalization, especially by turning out refined and highly capillary as well as permanently antistatic silks and fibers, figured silks and fast spun silks.

For the further improvement of supplies to the economy and for raising exports, priority must be given the production of about 250 highly refined small tonnage products such as auxiliary materials for light industry, plastics and rubber ancillary materials, specialized organic and anorganic products and herbicides/pesticides.

The output of nitrogen fertilizer must be raised to 1,200-1,220 kilotons by 1985. The yield of high quality pesticides and herbicides must be raised to 116-118 percent in the same period.

The above average development to 148-150 percent by 1985 of the production of finished drugs for human and veterinary medicine is to be achieved mainly by rationalization. Key points here are the production and availability of new and more effective drugs, especially for the treatment of cardiac and circulatory disease, diabetes and rheumatic illnesses.

To be pursued is the expansion of the GDR's microbiological industry with the main products synthetic protein, antibiotics and enzymes. The development and use of efficient microbiological technologies must substantially raise the utilization effect of domestic and secondary raw materials. The conditions for the use of biotechnical processes must be provided for the increased use of waste products and antipollution measures.

The production of chemical plant is to be raised to 165-170 percent and of chemical apparatus to 146-148 percent.

It will be the basic task of metallurgy and the potash industry to achieve a greater refinement of raw materials with the available yield of primary and secondary raw materials and the raw materials contracted from the socialist countries, and to obtain significant qualitative improvements in functional values. Metallurgy must thereby provide the prerequisites for processing industry to be able considerably to reduce metal consumption and improve product quality. To be secured by way of

the greater refinement of metallurgical products is roughly the same volume of rolled steel and nonferrous metal supplies.

The key to the development of the ferrous industry into a refining metallurgy is the further expansion of the East Iron and Steel Works Combine. The construction of the converter steel plant must achieve the significant improvement of productivity, efficiency and quality as well as advanced materials--and especially energy--economy.

Key points of scientific-technological and production development in ferrous industry are:

-- The introduction of steel production processes capable of setting international standards, such as the oxygen converter process with continuous casting and ladle metallurgy,

-- The increased use of continuous and progressive processes in the production of rolled wire, heavy plate, sections and pipes; by 1985 the assortments thus produced must raise their percentage share by 22-25 percent,

-- The development and widespread application of thermomechanic processing.

-- The further development and increased production of such refined products as more tensile steels, coated plate and strip and internally coated steel pipes.

-- The further development of powder metallurgy based on water evaporated iron powder.

In the field of nonferrous metallurgy the production of metals from domestic raw materials, including secondary raw materials and waste dumps, must be increased. The scientific-technological potential and production development must concentrate on the appropriate and quality supply of metallic materials for microelectronics as well as on the development and introduction of processes and products with considerable materials savings effects.

A pilot plant for the development of processes for getting aluminum from domestic raw materials is to begin operations in 1982.

Copper ore mining in the Sangerhaeuser district must continue, coupled with the further rationalization and intensification of extraction.

By 1985 tin production must be so developed as to meet the needs of the economy from domestic raw materials.

To be ensured by the potash industry is the output of 3.4-3.5 million tons of potash as well as, and especially, the availability of refined products for farming and exports. To that end the production of granulated and crystalline potash fertilizer must be raised twofold to two-and-a-half-fold by 1985.

To be developed mainly on the basis of domestic silicates is the production of glass and ceramics raw materials and the development of high quality glass and ceramics materials for construction and the component industry. Key points are

the development and production of new technical glass, including special glass for microelectronics, special glass fiber fabrics and fleeces, the manufacture of new types of plate glass, including thermoplate, as well as the significant increase in the production of container and packaging glass.

The enhanced refinement in the production of silicates is to be achieved especially by taking into service the flotation plant for quality sands, the processing of quartz gravel and the increase in the availability of graded dry sands.

Forestry must provide the economy increasingly and smoothly with raw timber from domestic yields, ensure the production and yield safety of the forest stock and raise its contribution to environmental control.

The availability of raw timber for the economy is to be raised to 10-10.2 million cubic meters in 1985. This is to be achieved by comprehensive intensification and rationalization as well as the gradual transition to the utilization of the entire tree, the mechanization of the most important types of forestry work and the enrichment of living timber stocks per hectare. Reconstruction and rationalization in the wood processing industry as well as the greater efficiency of scientific-technological progress must raise the output of wood materials, especially lumber, chipboard and veneers for the furniture industry, construction, packaging and other end sectors, while increasingly utilizing domestic resources. At the same time all sectors must be economical in their handling of raw timber and wood resources. To improve materials economy in the lumber industry overall wood utilization must be raised to 88-90 percent, and packaging must use steadily thinner cuts of lumber.

The rise in production to 126-128 percent expected of the pulp, paper and packaging industries must be achieved mainly by the more efficient use of waste paper and the greater refinement of fiber materials and papers. By raising the use of waste paper, the waste paper content in the total output of paper, cartons and cardboard must be expanded to at least 50 percent. Further to be raised is the recovery and utilization of pulp-sulfite waste liquor.

To be speeded up is the output of high quality and materials saving packaging. It will be necessary to introduce processes which, by the development and use of re-usable packaging, permit the best possible economic effects. To be further raised is the rate of recovery of packaging materials made of corrugated cardboard and raw boxboard.

To meet the raw material needs of the economy in 1981-1985 and ensure the economic use of all available resources a growing and notable contribution must be provided by the comprehensive utilization of secondary raw materials. In 1985 the demand for important raw materials must be met to about 12 percent by the use of 29-30 million tons of secondary raw materials.

Particularly important for the supply of the economy is the greater use of ferrous and nonferrous scrap, including electronic scrap, waste film materials and fixing baths, waste paper, waste oil, bones, fatty sludge and fatty wastes, waste rags, recycled glass containers, fireproof materials, corundum waste and sulfite waste liquor. Significantly to be raised is the processing of plastics and rubber waste; the extent of utilization of waste timber is to be increased to 85-88 percent by 1985.

The responsible sectors of the economy must provide the scientific-technological and material prerequisites for the collection, transportation, processing and utilization of secondary raw materials just as much as for primary raw material production, and the available capacities of primary and secondary raw material processing must be utilized to the fullest.

2. Production of Equipment, Machines, Components and Spare Parts

Of fundamental importance for the further broadening of the material-technical base and the improvement of export strength is the development of the production of equipment, machines, components and spare parts. Attention must focus on the faster development and wider use of microelectronics, computer controls and techniques, automation aids and the use of industrial robots. By these means important prerequisites must be provided for completely raising the technical and technological standard of production as a whole.

Consonant with the challenging economic demands industrial goods production in the sector of electrical engineering and electronics must be raised to 156-158 percent.

For the development and production of microelectronics through 1986:

-- Such technologies must be transferred to production, on the basis of which may be made available highly integrated circuits as well as performance and opto-electronic components for automation and data processing technology, a broad range of modern industrial consumer goods and for use in medical technology and other fields;

-- The most modern technological processes must be introduced in manufacture, so that it will be possible to ensure a vast improvement in productivity and internationally comparable yields as well as low costs;

-- The production of microelectronic components must be at least doubled by comparison with 1980.

The use of microelectronics in electrical engineering and electronics must be emphasized with the aim of a far reaching change in generations with respect to the output of computers, automation and computer controls, scientific device construction, electrical, electronic and photo-optical consumer goods.

In all sectors of the national economy the use of microelectronics must be directed to the development and production of highly efficient machines and plant, especially in machine tool and processing machine construction, the manufacture of high quality consumer goods and the extensive rationalization of administrative work--all to save jobs.

The extensive use of microelectronics and above average improvements in performance in the field of communication techniques will ensure the transition to the production of digital telecommunication devices and systems by 1985. At the same time the prerequisites for the production of high quality electronic telecommunication technologies must be provided and a production and assortment structure achieved, which will guarantee a significant growth of exports.

Continuing cuts in development and transfer delays and improvements in technolgical production standards must develop reserves in scientific device construction. The use of microelectronics is to raise the proportion of new and further developed products with advanced functional values.

The technological standard of the output of the electrical engineering and electronics industry must be significantly improved. Key points are product-specific technologies for the construction of electric machines as well as cross-sectional technologies such as plant and equipment assembly, transportation, warehousing and packaging processes.

As a precondition it will be necessary to raise the incidence of mass production on the basis of the ongoing standardization of parts and subassemblies.

In order profoundly to change the technical and technological standard of manufacture generally the development, production and use of industrial robots for the gradual automation of manufacturing processes, to free manpower and reduce monotonous, hazardous and physically strenuous labor, is to be sharply speeded up. In 1981-1985 40,000-45,000 industrial robots must be produced and deployed.

In view of their nature and earlier international experiences it will be necessary comprehensively to develop the in-house construction of industrial robots and handling appliances in combines and enterprises.

In important branches of industry central manufacturing capacities must be set up for the production of industrial robots.

Electrical engineering and machine construction must provide the necessary prerequisites so as to make available the components required (microelectronic controls, electrical and hydraulic driving mechanisms and gears) at the appropriate standard.

In 1981-1985 industrial goods production of the machine construction industry must generally be raised to 141-143 percent. This needed rise in output must be achieved mainly by intensive expanded reproduction. Existing plant must be purposefully reconstructed and modernized, internal reserves mobilized by the genuine improvement of manufacturing techniques and production organization, and new capacities must be more efficiently utilized.

In order to do this it will be necessary with respect to important technological processes to achieve the most advanced standards by the development and wide application of shaping and casting processes with the greatest possible accuracy, the use of advanced foundry materials, manipulators and robots in casting, welding and assembly processes, and by the use of computer controlled processing centers and automated manufacturing sections. The further expansion and build-up of central or process-specialized manufacture must provide essential prerequisites for raising the output of machine construction.

The production profile in heavy machine and equipment construction in 1981-1985 must be so organized that the material-technical base of decisive sectors of the economy, especially the energy industry, metallurgy, construction and transportation, are developed by the availability of highly productive plant and equipment

in accordance with requirements, and the conditions provided for large and profitable exports of equipment and plant.

Key points here are strip mining equipment, energy production plant based on the use of brown coal, equipment for the utilization of waste heat and natural heat sources, cement plant, double-refined steel, wire and cold rolling mills, foundry plant, cable and rope twisting machines as well as plant for the extraction of paraffin. It will be necessary to construct or expand the capacities required for a greater GDR share in the production of nuclear power plant.

To be developed above average is machine tool and processing machine construction, both for the benefit of the GDR economy and to safeguard exports. As a matter of priority the production of processing centers in connection with industrial robots, integrated manufacturing departments and machine systems must be increased. The output of cutting machine tools must be raised to 160-165 percent, that of cold shaping machine tools to 158-162 percent. By 1985 more than 50 percent of machine tools in the overall production of these tools must be computer controlled.

The production of machines and equipment for the textile, clothing and leather industries must be raised to 140-145 percent. In close cooperation with the USSR and the other CEMA countries the prerequisites must be created for satisfying the GDR economy's need for modern equipment in the appropriate range by the further sophistication of the production profile. At the same time the industry must be able to conduct efficient export transactions.

High efficiency processes and equipment for the production of polyacrylnitril fiber must be developed and transferred to production.

In the general machine, farmmachine and vehicle construction industry the measures for improving the scientific-technological standard and raising output must be directed to the availability of machinery and equipment for agriculture and transportation, high quality technical consumer goods and export profitable products. The scientific-technological further development of trucks must be oriented to a longer running life, fuel savings and the use of higher efficiency diesel engines as well as to the achievement of a greater payload and improved operator comfort.

In the agricultural machine and automobile construction industries rationalization and reconstruction must primarily concentrate on the guarantee of optimum proportions between component and finished goods production as well as the assurance of appropriate spare part production.

The output of combine harvesters must be raised again; in the case of self-propelled loaders and tractors it will be necessary to achieve a significant improvement in the mass-output ratio and a reduction in fuel consumption.

The output of packaging plant must be raised to 200-210 percent and of packaging machines to 143-148 percent. The production of complete high-speed beverage lines, large cooking equipment and equipment for industrial weighing must be significantly raised.

In the field of medical and laboratory equipment the further development and specificity of capacities must ensure the availability of instruments, devices and appliances to the health care system and to exports profitable in terms of foreign exchange. By the use of microelectronics the functional qualities and usefulness of

devices is to be expanded, especially for intensive therapy, patient care, cardiac and vascular diagnostics, laboratory diagnostics, artificial breathing and anesthesia.

The capacity of the component industry must be raised consonant with the need to ensure supplies for finished goods manufacture. Therefore it will be necessary further and significantly to raise the scientific-technological standards, the quality, durability and reliability of components, and to speed up the use of highly productive technologies and design principles suitable for saving materials. Existing enterprises must emphasize rationalization, and capacities are to be expanded for important components.

3. Consumer Goods Production

The fundamental task in all fields of consumer goods production is the assurance of a stable offer of essential goods. At the same time it will be necessary substantially to raise the production and supply of high quality consumer goods of excellent design, especially those consumer goods which are in much demand by the public and foreign customers.

It is a task of great priority for all combines--even those which predominantly turn out means of production--to make a greater contribution to the increase in consumer goods output.

Better functional values of products and great efficiency in their production must be achieved by a rise in the refinement of the raw materials used, the application of inexpensive and highly productive technologies and new operational principles, a low specific materials and energy expenditure, the improvement of reliability and ease of maintenance, functional design and conformity to fashion.

The output of technically advanced consumer goods by the machine construction industry must be directed primarily to the further rise in the output of household washers, refrigerators, chest freezers, coal, gas and electric stoves, do-it-yourself equipment and sewing machines.

The production of refrigerators must be raised to 220-250 percent, of gas stoves to 140-150 percent, household washers and electric stoves to 120-130 percent.

New items to be manufactured are electronically controlled automatic washers, household refrigerator/freezers, new household cooking and gas heating devices with greater ease of maintenance.

The production of two-wheelers must provide for new and further developed items such as the ETZ 250 motorcycle, new mopeds (Mokick series) as well as a wider range of bicycles.

The measures for the gradual further development of the Trabant and Wartburg cars must aim at another rise in functional value coupled with lower fuel consumption.

Scientific-technological development must be speeded up for electronic, photo-optical and electrical consumer goods with advanced functional value. The output

of color television sets is to be raised to 190-195 percent, that of radios to 115-120 percent.

Further to cut waiting times and save materials it will be necessary to introduce industrialized repairs, especially electronic subassemblies, and provide the necessary material conditions.

The production and smooth availability of replacement and spare parts for technical consumer goods must be ensured corresponant with the public demand.

The key point of consumer goods production in the chemical industry through 1985 is the rise in the output of high quality detergents and cleansers, floor coverings, paints, car tires, cosmetics, health and babycare products as well as various household chemicals, plastic household goods and other items of daily need. The quantitative output of detergents must be raised to 130-135 percent, of car tires to 112-115 percent and of color film to about 150 percent.

Light industry output is to be raised to 126-128 percent. The key here is the assurance of the public supply of a wide range of essentials. At the same time the output of fashionable and high quality new products must be developed in response to demand. The output of new high quality consumer goods and products with the "Q" quality mark is to be raised to 150-155 percent by the expansion and new production of custom draperies, leisure and lightweight clothing, shag carpets and heavy terry products as well as high quality footwear.

The condition for this achievement will be a significant rise in the output of the preliminary stages in the textile and clothing industries as well as the leather goods and footwear industry. Scientific-technological measures are to concentrate on the development of new technological solutions for yarn production and substitution, the automation of labor intensive processes in sewing departments, the utilization of waste textiles and the broad application of microelectronics.

The manmade and natural leather industry must resolutely pursue the measures for improving the processing of pigskin (semi and fully treated) as well as high quality foam and microporous manmade leathers.

The woodware and decorator goods industry must raise its output to 133-135 percent, that of furniture and upholstery to 132-134 percent. This will necessitate a significant expansion of the production of materials such as chipboard and particle board, veneers and decorative foils, using domestic lumber at a higher grade of refinement. At the same time it will be necessary to ensure good quality supplies of the appropriate components, in particular mirrors, cabinet hardware, upholstery materials, decorative foils and veneers.

The porcelain and china industry must introduce new assortments of table settings with replacements as well as new mass produced household ware. Key points here are the development of a process for automated cup production and the development of new labor saving decorating processes.

The glass industry must introduce new products such as printed mixed fiberglass fabrics, glass separators, drinking glasses, bowl and plate sets, gift items and

lamp shades, making them available to the public and the export trade. New and high capacity technologies must therefore be introduced.

The paper and packaging industry must introduce texture wallpaper assortments.

In the sphere of district managed industry output is to be raised to 135-137 percent. District managed combines are largely responsible for further increasing the output of well designed consumer goods and quickly improving supplies of the many small items of daily use as well as of replacement parts.

4. Agriculture, Foodstuffs and the Essential Food Industry

Cooperative farmers and all working people in farming and the food business carry a heavy responsibility for the continuing improvement of the people's standard of living. Output and efficiency must be further raised to ensure the stable and steadily more satisfactory supply to the public of high quality foods and to industry of agrarian raw materials as well as further adjust rural working and living conditions to those prevailing in the cities.

The joint and purposeful efforts of cooperative farmers and workers for the fulfillment of supply targets and the improvement of efficiency in production consolidate and deepen the alliance of the working class with the class of cooperative farmers as the political base of our socialist society.

The stable and reliable accomplishment of supply tasks consequent upon the steadily more efficient utilization of natural and economic production factors by cooperative farmers and workers in agriculture and the food industry is of great economic importance and a significant contribution to the further all-round strengthening of the GDR. The continuing stable assurance of food for the people will always be the concern of the economy as a whole. It will therefore be necessary to develop as planned and in a coordinated fashion the sectors and branches of the economy involved in securing food supplies and a large-scale domestic raw material production.

The initiative of cooperative farmers and workers focus on challenging targets for the growth of farm output accompanied by significant improvements in the cost-yield ratio. That is crucial for the necessary reduction in production consumption per unit of product, especially by the improvement of materials and energy management and the careful maintenance and servicing of the available machinery.

Ongoing consistent intensification and rationalization based on science and technology as well as on the full utilization of the great development potential of socialist farming are the best way to raise the capacity of agriculture and the food industry. At the same time all steps for the intensification of farm production, of rationalization and reconstruction, must be closely linked with the more efficient utilization and further consolidation of the material-technical base of farming, its gradual transition to industrialized production methods. Farm science must breed new, efficient and disease resistant intensive types of plants with improved nutrient, water and energy utilization.

The further intensification of crop production is a priority task, because it is the basis of the production of food and agrarian raw materials as well as of a steady rise in the efficiency of farming.

Land represents a source of raw materials for the national economy, which is capable of steady expansion and reproduction. The efficient and exhaustive utilization of every square meter of land as the main means of farm production and the steady improvement of its fertility is therefore a priority task of the greatest economic importance. It will be necessary decisively to reduce the preemption of agricultural areas for investment projects. The new land utilization decree must be scrupulously applied and its observance supervised by the state organs.

The purposeful rise in soil fertility requires the consistent implementation of the long-range program for land use. While securing stable cultivation conditions for the GDR, attention must be directed especially to the supply of organic substances, the enforcement of scientific crop sequences and the assurance of strict agrotechnical discipline. We must ensure that, in accordance with economic requirements, the highest yielding types of plants are cultivated everywhere. The greatest emphasis continues to be on the further growth of grain production, the improvement of hectare yields of potatoes and sugar beet, and the establishment of a stable fodder basis in order increasingly to ensure domestic feed supplies for the growing livestock herds. At the same time it will be necessary more resolutely to develop reserves by leveling the unjustified differences in the standards of yield still persisting between LPG's and VEG's /state farms/.

The total yield of crop production is to be raised in 1985 to 43.2-43.7 deciton grain units per hectare of agricultural area.

This calls for a rise in 1985 hectare yields of grain to 39.0-39.5 decitons, of potatoes to 200-210 decitons and of sugar beet to 300-320 decitons.

On that basis a grain production of at least 10 million tons must be achieved in 1985. That is the most important condition for the planned lowering of grain imports through 1985 by more than 1 million tons compared with 1980.

Greater efforts must also be made to achieve stable yields of fruit and vegetables, expand the assortment and lower losses.

The state yields of fruit must be raised to 610 kilotons and of vegetables to 1,350 kilotons in 1985.

Facilities for the warehousing, preparation and shipment of fresh fruit and vegetables must be rationalized and expanded, especially in the produce trade. The fruit and vegetable processing industry must make sure that the rising domestic yield of fruit and vegetables is processed efficiently and without undue loss, so that more processed produce such as high quality frozen fruit, fruit juices and concentrates may be made available.

Of great importance for the economy is the assurance of the planned yield as regards special crops, especially hops and tobacco, both in volume and quality.

The following state yield is to be achieved in animal production with respect to the most important items:

	Unit of Measurement	1985
Slaughter cattle	kilotons	2,400-2,420
Milk (4 percent fat content)	kilotons	6,930-6,950
Eggs	millions	4,720-4,730
Wool	tons	5,950-6,000

This requires the working people in animal production to ensure the planned reproduction of animal stocks, the improvement of rearing (especially by lowering animal losses), satisfactory handling and care of the animals and the production of more animal products from every kilogram of feed. The greatest need is for raising slaughter cattle production.

The consolidation and deepening of cooperation relations must be directed even more resolutely to the greatest possible rise in output and the utilization of all the internal potential of LPG's, VEG's and their cooperative facilities. Accordingly cooperative democracy must be made to flourish on the basis of the statutes and operational systems adopted, and to organize even more effectively the work of the cooperation councils in agriculture based on the most advanced experiences. Consonant with the nature of cooperative ownership the principle must be maintained that the LPG's decide on their cooperative facilities.

The purposeful strengthening of the work of cooperation councils in farming and the councils on farming and the foodstuffs industry at the kreis councils we must ensure the more and more extensive involvement of cooperative farmers in management and planning and further consolidate the cooperative-socialist ownership of the means of production.

The material-technical base of farming must be further developed as planned. Investment resources must be concentrated on crop and animal production; on that basis the planned reproduction of the cooperative property will be guaranteed.

Investments in crop production must be more emphatically aimed at raising the efficiency of machine systems, especially for the grain harvest, as well as facilities for production, transportation and the reduction of warehousing and storage losses. More attention must be devoted to the closing of the mechanization gaps.

In animal production investments must resolutely concentrate on rationalization and reconstruction with the aim of using the existing facilities for some considerable time to come. Working conditions in these facilities must be improved by significant advances in the mechanization of feeding and cleaning.

The farm machine construction and agrochemical industries as the most important manufacturers of means of production must concentrate their scientific-technological potential on the perfection of machine systems in agriculture and the food industry, the development of machines and equipment distinguished by excellent productivity and low energy use as well as on the supply of agrochemicals producing the best yields and the least possible pollution.

The working people employed in farm equipment repairs and manufacture as well as craft repair workshops of LPG's and VEG's are called upon to ensure a solid and

stricly organized regime of careful servicing, preventive maintenance and repairs of the modern plant and equipment. Further to be increased are the efforts to process spare parts and produce rationalization aids and equipment for crop and animal production. Spare parts processing is to be raised to 115 percent by 1985.

Agricultural construction capacities must concentrate on the implementation of rationalization investments and maintenance in agriculture and the food industry as well as on measures to improve working and living conditions in the countryside. At the same time care must be taken that agricultural construction capacities achieve an annual increase of 10,000 homes by modernization and the construction of new residential buildings.

Fertilizers and herbicides must be thriftily and efficiently used within the scope of agrotechnical measures. Agrochemistry and agrarian science must offer greater assistance to the farmers.

Yeast supplements, vitamins and antibiotics for cattle feed and veterinary pharmaceuticals must be made increasingly available and effectively used to raise yields and keep the livestock healthy.

In the field of land improvement it will be necessary efficiently to use and maintain existing facilities and carry out drainage operations at the least cost.

Again to be actively encouraged are the initiatives of the members of the Union of Small Gardeners, Settlers and Small Livestock Breeders as well as other small-scale producers, cooperative farmers and workers in their own gardens to produce eggs, table poultry, rabbits, honey, skins and furs, fruit, vegetables, tobacco and other plant and animal products.

Agriculture and the foodstuffs industry are charged with raising industrial goods production by 1985 to 107-109 percent by comparison with 1980 and the availability of finished products to the public to 105-106 percent.

The working people in the food industry must efficiently and without undue loss process agricultural raw materials in order to make available high quality foods for the public. Stable supplies of essential foods, in particular, must be assured and the assortment expanded by high quality foods.

By the consistent use of scientific-technological findings and the generalization of best experiences we must raise the meat yield obtained in slaughtering and processing by all enterprises of the meat trade, meat processing workshops as well as the commission and retail stores. At the same time byproducts such as skins, hides and intestines must be processed in greater volume and to a higher standard for subsequent utilization.

The dairy industry must, by means of further rationalization, secure especially the daily supply of a wide range of dairy products. Significantly to be raised is the output of cheese for grating and immediate consumption as well as of milk and soured milk beverages.

The grain trade must be careful to direct all its efforts to the improvement of the appropriate storage and upkeep of the grain, especially to ensure the availability of high quality cereals and reduce losses.

The capacities available in the sugar industry must be extensively rationalized in order to raise sugar yields and lower specific energy consumption per ton of sugar. Generally extensive rationalization must significantly cut the length of the campaign. The long-range program for the intensification of the production and processing of sugar beet must be carried out consistently.

The work of the scientists and staffs at the GDR Academy of Agricultural Sciences and all research facilities of agriculture and the food industry must concentrate on providing, by new scientific and technological findings, a growing contribution to the improvement and stabilization of the production of crops and animal products. The results of their work must increasingly help the more efficient utilization of the available resources and raw materials, raise productivity and obtain a more favorable cost-benefit ratio.

The foodstuffs industry is charged with smoothly and steadily guaranteeing supplies of essential goods for the public. More new and further developed high quality essential and nonessential foods should be made available to satisfy the rising demands of the public. At the same time more must be done to meet the needs of healthy nutrition and ease domestic labors.

In 1981-1985 industrial goods production by the food industry must be raised to 113-115 percent. At the same time domestic raw materials must be used more and all raw materials handled thriftily.

The use of substitutes, emulsifiers and enzymes should be expanded for improving product quality in accordance with the findings of the science of nutrition.

Investment resources are to be concentrated on the planned increase in output at the preliminary stages, especially the malt, yeast and spirit industries, as well as the production of bakery goods, beverages and candy. Especially capacities for bakery goods production in Berlin, the GDR capital, must receive priority.

The output of bakery goods, candy, nonalcoholic beverages and beer must be raised in accordance with the growing public demand. To be of great importance here is the maintenance and modernization of plant in retail bakeries.

The gradual renewal of the fishing fleet for high-seas and coastal fishing is to continue by the launching of new fishing vessels. To ensure the supply of fish and processed fish goods it will be necessary to adopt purposeful measures for developing new fishing areas and utilize the fish resources in the GDR's fishery zone. The yield of fish for human consumption is to be raised by breeding and industrialized production in lakes and coastal waters. The intensive use of all available waters for inland fishing must be guaranteed.

5. Construction

For the further strengthening of the national economy's capacity and for the consistent pursuit of the housing construction program it will be necessary significantly to raise the capacity and efficiency of the construction industry. The main approach to faster, better and more efficient construction is further resolute intensification and rationalization based on a high standard of science and technology, industrialization, the management, planning and organization of production and building processes.

Taking into account the changed structure of construction requirements the building production of the national economy must be raised to 118-120 percent by 1985. In the competence of the Ministry for Construction the output of the construction industry must be raised to 124-126 percent.

Key points are:

-- The specific construction costs of investment projects must be lowered by 15 percent, while economic and sociopolitical aims are observed and good quality maintained.

-- Concentrated construction work and the use of the most rational construction methods and technologies must cut construction times by 30-50 percent, especially with respect to industrial and scientific projects.

-- Taking into consideration the necessary regrouping of capacities due to the changed structure of construction tasks, productivity must be raised by an annual average of 3.5-3.7 percent. The adoption of scientific-technological measures, comprehensive rationalization and greater efficiency of construction investments must result in annual savings of 85-95 million working hours.

-- In 1981-1985 more than half the growth in production must be achieved without the use of additional material funds. The improvement in materials management must be secured by the thriftiest possible use of building materials on the basis of progressive use normatives, the increased utilization of domestic raw materials and secondary raw materials as well as their advanced refinement. By fully exploiting the material, design and technological features, the specific use of rolled steel and cut lumber is to be lowered by an annual average of 3.9-4.0 percent. Specific cement consumption is to be reduced by an average of 2.5 percent per annum. By raising the efficacy of science and technology and rationally utilizing process energy the conditions must be created for reducing specific energy consumption for production in the construction industry by the equivalent of 640-780 kilotons of raw brown coal annually.

   Specific transportation costs in the construction and building materials industries must be decisively lowered, mainly by transport optimalization.

-- Resolute measures are to be adopted for the increased use of energy conserving construction with the aim of lowering energy use for heating the new and modernized buildings by the equivalent of some 5.5 million tons of raw brown coal in 1985 compared with 1980.

-- The prime costs of the construction industry in the period 1981-1985 must be purposefully lowered by the consistent enforcement of economic accounting and the

use of such tried and tested initiatives as work according to project and brigade contracts, with the project passport, the workers record book and functional value cost analyses.

For the smooth pursuit of the housing construction program the results of science and technology must be more efficiently used by perfection of technical work in the construction combines. Assembly line operations in the construction of new housing, including school buildings, must be consistently ensured. At the same time great efforts must be made during the technological preparation of construction work for municipal underground construction, for modernization and repairs. To lower the specific consumption of energy, materials and working hours the manufacture of products must be rationalized. The panel works now under construction must be completed earlier, the planned output parameters quickly achieved and, in the course of operations, steadily improved.

To secure the specific reduction of thermal energy consumption for space heating the component industry must develop and make available improved technical equipment for rational heating supplies.

An important task for the construction industry is the plan appropriate implementation of construction tasks, especially for industry, and the improvement of investment efficiency.

The percentage of construction for reconstruction and modernization must be almost doubled in 1985 by comparison with 1980. That will require the industry by the comprehensive utilization of science and technology annually to raise by 6-7 percent the level of productivity in such decisive areas as block construction, underground construction and transportation, handling and storage processes.

To ensure the smooth flow of operations it will be necessary more widely to apply industrially organized construction technological supplies.

Based on the scientific conception of the construction industry the forces and resources in research, development, planning and technology must be concentrated as per plan on the achievement of top performances suitable for wide application with respect to the main products and technologies.

In-house production of rationalization aids must be raised to 195-200 percent. The actual output of construction machines must be decisively increased by the more efficient utilization of the capital equipment.

To ensure the implementation of local construction tasks, especially maintenance, the enterprises of the district managed construction industry must appropriately develop and define their capacities. Building production for repairs to residential buildings, especially outside repairs, must be significantly increased. All regional opportunities for the in-house construction aids and the utilization of local building material reserves must be developed for the achievement of the greatest possible growth in output and efficiency.

On the basis of long-term investment planning, oriented to the increased intensification of the economic reproduction process, it will be necessary to achieve an adequate advance in planning and production preparation.

The development of the building material and prefabrication industry must be directed consistently to the appropriate quality supply of building materials and prefabricated components to the economy, the public and the export trade, corresponding to the changed reproduction conditions and the change in the structure of building operations.

To guarantee the necessary improvement in the insulation of buildings additional possibilities for the development, production and use of insulating materials from mineral wool, fiberglass and others must be exploited and better heat retaining windows and doors introduced.

The production of highly refined mineral wool is to be raised to more than 150 percent by 1985, by the intensification of the existing plant and the introduction of new technological lines.

To improve the production of thermal jackets with advanced insulating effect two new aerated cement block works with an annual capacity of 250-350,000 cubic meters per annum are to go into service by 1985.

To be speeded up and raised in the concrete industry is the development and production of appropriate assortments of concrete components for industrial and underground construction, taking into account the tasks of reconstruction and the greater use of mixed construction. These components include reinforced concrete pressure pipes to replace steel pipes and as well as dense silica bricks for the utilization of fine sands and the conservation of cement. Transport concrete lines are also to be extended.

The initiative of the citizens for the beautification of cities and communities is to be effectively backed by the increased availability of building materials, better supplies of materials in the stores and the extensive utilization of local building material reserves.

6. Transportation, Posts and Telecommunications

The quality of passenger traffic performance must be further improved.

Commuter and local traffic must be made more efficient, especially in cities and conurbations, taking into account the transport and traffic facilities required in new residential districts. This must be done by the best possible division of labor between the carriers and by giving priority to passenger rail vehicles.

To raise freight transportation performances in inland traffic to 106-108 percent and carry such transportation out efficiently, it will be necessary to concentrate scientific-technological development on the introduction of new, especially energy conserving, technologies and comprehensive mechanization.

The gradual shift of freight from road to rail and the expansion of the transportation of bulk goods by inland ships is to make more effective the division of labor among the carriers. The improvement of energy and materials management calls for a noticeable reduction in specific energy consumption and the increased use of materials consumption norms.

Other appropriate measures for the substantial reduction in social transportation costs must be adopted by all sectors of the economy in order to optimalize delivery and transportation relations as well as rationalize transportation and handling.

To raise the capacity of the railway it will be necessary to electrify 700-750 km of track. More efficient operating technologies must be introduced for the better utilization of the freight car and locomotive stock as well as transportation facilities, and with the aid of microelectronics the best possible operation (from the aspect of energy conservation) must be found. The vehicle stock of the railway must be steadily modernized.

In shipping the capacity of the merchant fleet must be raised to 114-116 percent, mainly by the intensification of fleet deployment. Greater emphasis will have to be assigned to modern transportation and transshipment technologies such as container transport and roll on-roll off equipment. The capacity utilization of the shipping tonnage must be increased, repair delays reduced and new ships to operate on the high seas taken into service.

The services of sea ports are to be raised to 144-146 percent by lowering transit times, improving transshipment performance per ship's berth and by the reconstruction and extension of transshipment facilities, especially the provision of more specialized transshipment equipment.

The establishment of efficient district managed transport combines is to provide better prerequisites for the stable and punctual discharge of the tasks in passenger transportation, especially commuter services, the rational implementation of road transports necessary for the economy (accompanied by the assurance of the efficient use of all motor vehicle capacities in the region) as well as for the industrialized organization of motor vehicle maintenance.

Motor vehicle transportation combines must ensure the most efficient use of transport and maintenance capacities regardless of the type of ownership. Existing factory vehicle cooperatives are to be further expanded and new ones set up.

Auto repair facilities for the public are to be increased to 140-145 percent.

Postal and telecommunication services are to be raised to 111-114 percent. Scientific-technological efforts and investments are to concentrate on the key points of socialist rationalization, especially greater efficiency and quality.

Telecommunication services are to be raised to 115-118 percent by the use of modern transmission equipment, the gradual expansion of the telephone network and connecting capacities. To be ensured is the equipment of new residential building complexes with telephone connections, especially in Berlin, the GDR capital.

The material-technical base of television and radio is to be broadened by the reconstruction of existing and the addition of new capacities, including studio and transmission equipment. Further to be raised is the percentage of stereophonic transmissions by UHF radio.

Reception of the second television program is to be guaranteed in all districts.

As regards the mail, the rationalization of letter and small package processing is to continue. More efficient technologies must be developed and gradually introduced for payment and savings transactions, especially deposits and withdrawals at post offices. Mail service to the public, especially in new residential areas, must be further improved.

7. Water Supply and Environmental Control

The efforts of the working people in water supply must be directed to the efficient and continuing provision of reliable and good quality drinking water supplies for the public and the availability of nonpotable water to ensure the dynamic growth of industrial production and the intensification of farm output.

Priority is to be given the water supply and sewage treatment facilities for the complex housing program. In Berlin, the GDR capital, decisive improvements in water supply and sewage treatment facilities must be achieved.

Largely by the initiative of the public new link-ups to the central drinking water supply are to be provided for another 400,000 citizens. The percentage of the population enjoying public drinking water facilities is to be raised to 90-92 percent and the percentage benefiting from public sewage facilities to 70-72 percent.

To be increased is the availability of water supplies and the capacity of waterworks by complex socialist intensification, especially the use of science and technology. In order to meet the demand for water in all conditions and to raise efficiency, water users must make every effort to ensure rational water use, avoid waste and reduce water losses as well as specific water consumption in all sectors of the economy.

The services available in the water supply industry for irrigation and drainage must be made to assist the intensification of farm production. The water supply industry must help develop such land as will result in the greatest possible rise in yields at the lowest cost.

In the field of environmental control it will be necessary most of all further to improve the working and living conditions of the working people in conjunction with rationalization, reconstruction, the expansion and construction of production capacities, the use of modern, efficient and environmentally innocuous technologies and processes.

To be pursued as planned are the measures for keeping water pollution-free, for the utilization and protection of the land, for keeping the air clean, reduce noise and remove and recycle domestic garbage and industrial wastes. Environmental conditions must be improved, especially in workers centers and conurbations.

IV. The Further Development of the People's Material and Intellectual-Cultural Standard of Living

The ongoing successful implementation of the main task in the unity of economic and social policy must help develop those performance potentials which allow us to

safeguard and gradually further raise the people's material and cultural standard of living on the basis of a significant growth of efficiency, the scientific-technological standard of production and a steep rise in productivity. This will provide the prerequisites for the further organization of the socialist lifestyle.

-- The further planned development of working and living conditions in combines, enterprises, cooperatives and facilities as a fundamental element of the working people's material and cultural standard of living must aim at fully bringing out the existing creative potential, the ideas and abilities of all working people, especially the young, more rationally organizing labor, encouraging the evolution of socialist collective relations and, generally, improving the quality of the socialist working environment. An active and stimulating effect is to be achieved on the development of outstanding performances, the full utilization of the social labor capacity and the further development of the socialist personality by the complex organization of working and living conditions. The working people's desire for order, security and discipline must be effectively backed.

The purposeful pursuit of scientific-technological progress and the mastery and efficient use of modern equipment and technologies in conjunction with scientific labor organization arising from the steadily growing standard of skills of the working people, must help develop even more performance reserves and steadily more precisely define the socialist nature of labor.

The combines of industry and construction must pursue the further improvement of working and living conditions as an indivisible element of management and planning in the evolution of the standardized reproduction process.

Application of the findings of scientific labor organization in industry, construction and transportation in 1981-1985 must organize anew or reorganize about 1,100-1,400 jobs and remove still persisting difficult working conditions for about 300,000-320,000 working people. That also is a key point of scientific-technological work.

Resolutely to be carried out are the measures to improve fire and disaster safety as well as avoid breakdowns.

Health and social care for the working people in their enterprises must be further improved especially by the more efficient utilization of available facilities. Safe and easy to handle working tools must be developed and used. At the same time the percentage of operating tools, processes and workshops with model safety standards must be raised considerably. In the matter of the further reduction of accident hazards special attention must be devoted to manual carrying and warehousing processes as well as maintenance work.

To be guaranteed is the supply of protective clothing, gear and equipment to the working people, appropriate as to quality, assortment and punctual delivery.

The available facilities for the intellectual-cultural and sporting activities of working people must be better utilized and further developed. Close cooperation between enterprises and local state organs must allow all working people more extensively to use the existing cultural and sports facilities in the regions.

supplies for workers must be perfected. The material prerequisites for the supply and care of the working people, especially shift workers or those who labor in poor conditions, must continue to be improved. Greater emphasis on cooperation between enterprises and facilities and the development of regional reserves must serve, especially, to improve commuter traffic facilities, the quality of factory and office cafeteria meals, the availability of goods and services and the conditions for babysitting the children. Attention is to be devoted in particular to the improvement of food services for workers in construction and assembly enterprises as well as small and medium sized enterprises.

-- For the purposeful pursuit of the housing construction program as the core of the social policies a total of 930,000-950,000 units are to be provided in 1981-1985 by new construction and modernization. They are to benefit about 2.8 million citizens, especially workers and large families as well as young married couples. The total is to include completion of 600,000 new housing units.

Above average growth in housing construction is to be provided for in Berlin, the GDR capital, as well as Karl Marx Stadt, Leipzig, Dresden and Halle bezirks.

To be completed within the scope of complex housing construction and for the purpose of supplying the needs of the public in residential areas are the necessary communal facilities, especially schools, gymnasia, kindergardens, nurseries, youth club facilities, medical and dental offices and polyclinics, retail stores, restaurants and service facilities, all in accordance with state expenditure normatives.

Again to be encouraged is the readiness of the working people by their own efforts and financial resources to help the improvement of housing conditions. In 1981-1985 the housing units to be provided for workers housing cooperatives are to account for 42-45 percent of industrial housing construction, the construction of one-family homes and residential buildings in rural areas for about 10 percent each of housing construction.

The unity of new construction, modernization and maintenance of the building stock is increasingly important for the settlement of the housing problem. It will be necessary by modernization better to utilize the available building stock, and to raise its value as housing. A harmonious coupling of existing and new buildings is to be achieved thereby.

To maintain the existing building stock of residential buildings and residences it will be necessary to ensure a rise in building repair services to about 125 percent in 1981-1985 compared with 1976-1980.

-- In 1981-1985 the net cash earnings of the people as the main form of individual income are to be raised to 120-122 percent. In the matter of raising incomes the socialist principle of distribution in accordance with performance must be further organized as an important incentive for raising productivity, utilizing all reserves and improving skills. At the same time, and in accordance with the crucial contribution of the working class to the creation of the gross national product, the blue and white collar workers share of earned income must be increased as planned.

The incomes of cooperative farmers and other working people will also continue to rise on the basis of greater output and increasing skills.

-- As an important aspect of the improvement of the people's living conditions the social funds for housing, the maintenance of stable rents, fares and prices of essential goods, the satisfaction of the people's growing health, social and intellectual-cultural needs are to increase from about M234 billion 1976-1980 to some M295 billion in 1981-1985. That is a rise to 126 percent. Within this framework social funds for housing are to be raised to about 150 percent. Substantial moneys will in future also be used to improve the welfare of mother and child, help for large families and young married couples as well as better care and assistance for veterans of labor. All in all the social funds--calculated for a family of four--will account for about M900 per month in 1985. In addition there are the resources of cultural and social funds in enterprises and facilities. These are set --corresponding to the rise in output--to grow to 120-125 percent.

-- For the further gradual improvement of consumer goods supplies for the public, retail trade turnover is to be raised to 120-122 percent by 1985, based on the growing output of the economy. Supplies of essential goods must be guaranteed at stable prices. At the same time the supply of new and high quality consumer goods must be substantially increased to satisfy the rapidly growing demand. It will then better meet the structural changed demand arising from people's rising incomes.

Taking into account the differentiated development of demand, goods must be made available in all price groups. The products of the medium price group of solid standard quality must account for the largest part of the supply of goods.

Once again the supply of industrial goods must be increased more rapidly in the 1981-1985 Five-Year Plan period than the supply of essential and nonessential food.

To be considerably increased in accordance with public demand is the production of high quality products consonant with scientific-technological advances as well as of good quality and design, in the latest fashion and in large volume. That applies mainly to consumer goods for the tasteful equipment of the home, for easing domestic work and helping meaningful leisure and recreation.

The manufacture and availability of appropriate products for children must be guaranteed.

As regards the assortment of goods in daily public demand, appropriate output and availability must be ensured by the planned development of domestic production. Fundamental is the need to guarantee the necessary output of replacement parts. The key point here is the adequate production and availability of such spare parts, by which a noticeable improvement in the supply situation can be achieved for a wide range of demand.

The planned finished goods inventories available must be deployed to the best effect for the well-being of the citizens. The efficiency of trade must be raised as planned to make sure that supplies are properly distributed. The social expenditure needed to carry out the reproduction process in the retail trade must be lowered. That requires the most efficient use and thriftiest handling of all material and financial funds. Substantial reserves for the public supply must be

developed by the effective lowering of trade losses, and especially the abolition of the differences between trade enterprises and regions. This calls for the generalization of exemplary working collectives.

Stores must ensure the smooth flow of goods supplies, less waiting for customers and improvement in customer services. Also to be improved is restaurant service, especially in workers and vacationers centers.

To improve retail operations and selling habits it will be necessary more to use the many initiatives of the people and encourage their cooperation in store committees and customer advisory councils. The tried and tested provisions for commission and private retail trade and private restaurants must continue so to be used that these capacities make a greater contribution to the accomplishment of regional supply tasks. Their development should be encouraged.

The capacity of the existing material-technical base of trade must be further raised by rationalization and reconstruction as well as by multishift utilization, especially in transportation, and based on the rationalization conceptions of bezirk councils as well as the efficient organization and further expansion of cooperative and contractual relations with industry and agriculture. This task requires speeding up the development and large-scale application of science and technology, in particular for the more rational organization of goods deliveries. Priority must be assigned the capacities of the wholesale trade, the transportation of commercial goods and products of the fruit and vegetable processing industries.

The quality of school and nursery meals must steadily improve.

-- Services for the benefit of the public and the social facilities must be expanded as planned by the further improvement in the capacity of the state service enterprises and the encouragement and greater utilization of the capacities of craft cooperatives and individual craftsmen. The growing demand for services must be efficiently satisfied, delivery times cut and quality improved.

Better to supply the public it will be necessary further to develop socialist cooperation among craft and service enterprises regardless of ownership.

More capacity reserves must be developed by the utilization of the best experiences, rationalization, specialization and the increased in-house construction of rationalization aids as well as the use of efficient technologies.

The conditions for the public use of services must be improved by modern selling aids and the expansion of self-service facilities.

Repairs and services to the public must be raised to 116-120 percent. To be improved by stable, reliable and quality performances is the public supply of cleaning and dyeing as well as laundry services.

Taking into consideration the rising quality and durability of technical consumer goods it will be necessary to ensure the satisfaction of the demand for good quality repairs and servicing. In cooperation with individual craftsmen the state customer service enterprises of industry must raise their output to 120-125 percent in the five-year plan period. At the same time they must ensure that the production,

storage and sales of replacement parts better correspond to public demand. By the the use of rational technologies repairs must be carried out efficiently while conserving energy and materials and lowering costs.

Taking into account the requirements of environmental control and hygiene, urban service enterprises must ensure cleanliness and order in cities and communities. Reserves for the efficient recovery of secondary raw materials must be developed. In 1981-1985 an industrial pilot plant is to be constructed in Dresden to test the comprehensive utilization of city garbage and the recovery of compost.

-- The ongoing organization of the developed socialist society means that the educational system must seek to enable youth to cope with the challenging tasks involved in the advance of the socialist revolution. That requires the further perfection of the education system and another purposeful rise in the standard of education and training.

In the field of popular education the development of the ten-grade general education polytechnical school must be resolutely pursued. The key point is the ongoing textual expansion of the secondary school, the deepening of its polytechnical nature, the perfection of communist education and the assurance of secondary schooling for all students.

The purposeful and efficient utilization of the funds available must further improve the material and staff conditions for pedagogical work, secure the necessary development of the various sections of popular education as planned and reduce persisting differences between the regions.

The network of popular educational institutions must be perfected in accordance with demographic and educational requirements. Investment resources must be balanced so as to serve as well as possible the renewal, extension and construction of school buildings. The maintenance of educational facilities and their equipment with modern instruction materials must continue as planned. In 1981-1985 13,200-13,500 new classrooms must be constructed. To satisfy the need for all-round physical education it will be necessary to provide 750 school gymnasia.

The expansion of special schools must continue as planned and be largely completed to serve those children who get their secondary education in special institutions because of their physical and mental handicaps.

The quality of work and care in residential homes for children and juveniles must improve. Existing capacities should be maintained and their serviceability perfected.

We must assume that, despite the rising birth rate, it should be possible to have all children whose parents so wish, trained and cared for in kindergartens, where they will also be prepared for school. It will therefore be necessary to make available such facilities in the appropriate locations. In 1981-1985 120,000 kindergarten places must be provided.

The material conditions for the proper training of teachers must be developed in the teachers training colleges. Particular attention is due the further education of pedagogues.

To be improved is the quality and efficiency of college preparation in the expanded secondary schools of popular education, the facilities of vocational training with provisions for taking the secondary school examination, and the secondary school examination courses at popular advanced schools.

Vocational education must effectively contribute to the all-round development of the personality and the growth of capacity in the national economy.

Sound, durable and relevant knowledge as well as practical skills must be taught on the basis of state curricula and instruction programs, so that the apprentices may achieve reliable skilled worker output at the time of their graduation.

Combines and enterprises must orient the further education of skilled workers and foremen to the greatest possible improvement in efficiency. In accordance with needs women and young skilled workers must be increasingly recruited for training as foremen. Manpower to be freed as planned must be prepared for new types of work in good time. Further to be raised is the percentage of working people who have graduated from a vocational school, and that applies especially to women.

The material-technical prerequisites for high level vocational training must be further improved. The emphasis here must be on the reconstruction and modernization of apprentice workshops, vocational schools and apprentice residences. The equipment of training facilities with modern instruction materials must continue.

Cooperation between enterprises and facilities in the handling of vocational education must be further developed for the efficient utilization of capacities.

The training and communist education of students and budding scientists at the highest technical standard and in the spirit of the scientific ideology of the working class is the basic task of universities, advanced and technical schools.

Broad and sound basic education coupled with the acquisition of solid technical knowledge of the future profession must train graduates who are able quickly to respond to new challenges of scientific-technological progress and of society.

Science must be taught in the unity of instruction and research, theory and practice, and at the highest international standard.

Admission to advanced and technical school studies and their structure by disciplines must be determined in accordance with the longer-range requirements of social and scientific-technological advances in coordination with the planned development of the social labor capacity. Correspondence and evening schools must be even better utilized as useful types of training for cadres in all social areas. In accordance with their long-term need for cadres, combines, enterprises and facilities must make sure of the selection and delegation of young skilled workers for further studies and provide the prerequities necessary for the effective and appropriate employment of advanced and technical school graduates.

To improve the efficiency of advanced and technical school cadres at work, their further education at universities, advanced and technical schools is to be further emphasized.

University and advanced school research must be directed even more effectively to the development of science and the rise in the output of the national economy, linked more closely to practical life and other scientific facilities outside the higher education system, and concentrated on economic, social and scientific key points. The construction and expansion of technical schools must be pursued as planned.

In investments priority must be given the reconstruction and modernization of existing buildings and facilities as well as the renewal of equipment. Attention must also be devoted to the gradual improvement of working and living conditions.

In 1981-1985 13,000-15,000 dormitory places, 12,000-14,000 lecture hall, seminar and laboratory places are to be provided, also more kitchen capacities.

-- As regards health and social care, in the course of the further organization of the developed socialist society the health care of the public must be further perfected, the achievements of modern medicine purposefully used for the welfare of the people, and the quality and efficacy of medical and social care further improved.

This will at the same time serve the citizen's feeling of social security, his personal well-being and satisfaction with the happiness of the family.

Our efforts must be directed especially to the accomplishment of such tasks as have meaning for the majority of citizens and benefit the state of public health. That applies in particular

-- To the improvement of basic medical care, especially in large cities and industrial conurbations,

To the need for more staff in the surgical and medical departments of hospitals, in the theoretical-experimental disciplines as well as the removal of disproportions between various medical specialties,

The definite improvement of outpatient care, especially in the fields of general medicine, dentistry and neurology/psychiatry,

The extension of emergency medical services to more GDR regions.

The growing importance of qualitative factors for the rise in the efficiency of health and social services makes growing demands on the knowledge, capability and ethical-moral behavior of physicians, nurses and other medical staffs. These demands must increasingly be met by the application of scientific methods, purposeful training measures and the encouragement of initiatives in the socialist competition.

1981-1985 a total of 1,900-2,100 medical and dental jobs must be created, mainly in out clinics and policlinics, also 300 pharmacists jobs. Existing and new medical and dental jobs must be much more efficiently handled by increasing staffs, especially in conurbations.

The volume and quality of specialized medical care must be expanded as planned, in particular in orthopedics, trauma surgery, urology, pediatric surgery, vascular surgery and chronic dialysis.

Regional hospitals must be appropriately developed and the division of labor among the various medical disciplines perfected.

Significantly to be improved are the services involved in highly specialized medical care, especially cardiac surgery, organ transplantation and neurosurgery.

The diagnosis and treatment of diseases requiring particularly experienced medical personnel and special diagnostic and therapeutical equipment (such as nuclear medical prodcedures and equipment, computer tomography) must be concentrated even more in selected facilities.

Reconstruction, modernization and new construction must provide 8,500 new hospital beds.

Priority is to be given the completion of hospitals and university clinics now under construction in Berlin, Cottbus, Frankfurt (Oder), Gera, Jena, Halle, Karl Marx Stadt, Leipzig, Nordhausen, Portsdam and Schwerin. Construction of the new hospital in Magdeburg is to start. To be prepared is the construction of new hospitals in Berlin-Marzahn, and Leipzig-Gruenau. The reconstruction of the Charite Hospital as well as the addition of some new wings there in Berlin, the GDR capital, as well as the construction work at the Greifswald University Clinic are to continue as per plan.

The standard of health care for mother and child must be raised with the aim further to reduce infant mortality to 10-11 per 1,000 live births and maternal mortality to less than 1.5 per 10,000 births, prevent complications during pregnancy, labor and after parturition, and encourage the healthy growth of infants and children, whether in children's facilities or in the family.

Purposefully to be carried out on the basis of comprehensive and long-range programs devised to conform to the scientific knowledge available is the campaign against coronary infarction, hypertension, carcinomas, metabolic disease, psychonervous dysfunctions, chronic bronchial disease, rheymatic diseases and selected infections.

The facilities for hygiene and works hygiene must increase their efforts with the aim of assisting the hygienic organization of working and living conditions and help implement all state and social measures for the improvement of environmental hygiene, especially the provision of clean air and water, noise prevention, garbage removal and food hygiene.

Within the possibilities of the funds available it is intended to provide 50,000-60,000 places in creches, 18,000-19,000 in retirement and convalescent homes, 18,000-21,000 in senior citizens residences and 3,00-5,000 in facilities for mentally and physically handicapped children and youths. Further to be raised is the provision in enterprises of protected jobs and protected workshops for severely handicapped citizens and those undergoing rehabilitation.

The systematic further training of physicians, nurses and other health care and social staffs is of increasing importance for the quality and efficiency of medical and social care.

-- For the ongoing improvement of recreational opportunities for the working people of our republic it is intended for annual vacation trips to facilities of the labor union and enterprise vacation services to be increased to about 4.7 million by the greater year-round use of these facilities.

At the same time vacation opportunities for large families must be improved. The standard of restaurant, cultural and sports services for vacationers must be raised consonant with the growing requirements.

To be carried out as planned are the tasks for the reconstruction and maintenance of existing facilities as well as for the completion of the modern recreation facilities of the labor union vacation service. The extensive enterprise recreational facilities are to be better utilized by the close and constructive cooperation of the FDGB vacation service, enterprises and economy managing organs. As a result it should be possible to develop reserves for the better satisfaction of recreational needs.

The planned implementation of reconstruction, modernization, expansion and new construction of youth club facilities, facilities for young vacationers and premilitary training and military sports must further improve the conditions for satisfying the needs of our young people. The FDJ initiative for the maintenance, reconstruction and modernization of facilities for the leisure activities and recreation of young people are to be encouraged and backed by all state organs.

By 1985 the central Pioneer camps must guarantee the use of 30,000 places at a time for the FDJ and the Pioneer Organization Ernst Thaelmann. The comprehensive reconstruction of the camps must continue. Year-round usable capacities must be increased to accommodate 13,000 young people at a time.

The observance of state expenditure, utilization and management normatives in the recreational system must be ensured.

-- Physical culture and sports must be all-round encouraged in the further organization of the developed socialist society, and the citizens striving for health, enjoyment, education, recreation, capability and well-being up to an advanced age assisted.

As regards children's, youths, leisure and recreational sports the mass nature of socialist physical culture must be realized more and more comprehensively. The effective types of sporting activities must therefore be encouraged and steadily promoted, especially regular involvement in the exercise, training and competition program of the GDR German Gymnastics and Sports Federation and the Spartacus Sports Festival movement.

For the further development of star athletes it will be necessary most of all systematically to encourage young talent, comprehensively utilize research and development results and expand cooperation of research and practical sports.

The available material, financial and personnel resources are to be used with the best possible efficacy for the maintenance, modernization and purposeful expansion

of sports facilities, especially by regional rationalization, and for the greatest possible utilization of existing sports facilities.

The output of sports equipment, items and apparatus is to be increased as planned with regard to volume and quality.

-- The further development of socialist culture and art must satisfy the greater challenges to the standard of culture and the better satisfaction of the rising intellectual-cultural needs of the working people. At the same time this development must help the solution of the working people's creativity and readiness to perform well.

It will be necessary to enrich socialist realist artistic creation by new literary and fine art works, thereby helping the evolution of socialist personalities and the further definition of the socialist lifestyle. A great deal of attention must be devoted to the persuasive explanation of socialist moral concepts and attitudes. The mass nature of socialist culture and art, its socialist ideological content must be more precisely defined by the evolution of the various talents and abilities of the people, especially the young, and by closer links between the working people and the arts.

The supply of books and brochures, records and films must be qualitative improved in accordance with the growing demand. Book stocks in the public libraries must again be increased.

The provision of special capacities for the preservation of our monuments must be emphasized.

The available material base of culture must be utilized more imaginatively and effectively. In residential districts all suitable facilities, regardless of their subordination, must be made available for the development of a spirited intellectual-cultural life. It will be important in particular further to improve the opportunities for recreational activities of young people in cities and communities.

The investments allocated must be concentrated on the maintenance and reconstruction of existing cultural facilities. Consequently more resources must be earmarked for upkeep. A significant contribution to the enrichment of GDR cultural life will be forthcoming by the inauguration of the concert hall on the Platz der Akademie and the reconstruction of the Friedrichstadt Palace in Berlin, the GDR capital, the new Gewandhaus (concert hall) in Leipzig and the Semper Opera House in Dresden. Radio and television are influential mass media and must therefore continue to increase their efficacy by the qualitative improvement of programs in order to provide a vital contribution to the politico-ideological orientation of the working people and to the satisfaction of their growing intellectual-cultural needs.

V. Socialist Economic Integration and Foreign Trade

The purposeful deepening of socialist economic integration with the USSR and the other fraternal CEMA countries represents a vital prerequisite for the further stable economic and social development of the GDR. The GDR is thereby more and more firmly linked to the socialist community of nations and its main force, the USSR.

Of crucial importance for the development of the national economy's capacity is the steady deepening and expansion of scientific-technological and economic relations with the USSR as the center of socialist economic integration. The interlocking of the GDR's economy with the economies of the USSR and the other CEMA member countries must be made steadily tighter by the consistent realization of the program of specialization and cooperation of production between the GDR and USSR through 1990, the agreements with the other CEMA countries and the long-range CEMA target programs. This represents an important contribution to the further consolidation of the socialist community of nations.

Key points are:

-- The further deepening of cooperation in science and technology with the goal of speeding up scientific-technological progress and its efficacy for a steep increase in output by the rapid transfer to production of the joint research results;

-- The assurance of stable and long-term supplies of raw materials and fuels, coupled with their efficient use;

-- The deepening of international specialization and cooperation with the goal of an efficient production structure, improved productivity, the assurance of stable supplies of materials and equipment to the economy as well as the all-round growth of the GDR's export strength.

The strategic outlines of economic and scientific-technological cooperation agreed by the 1980 program of cooperation between the GDR and USSR as well as the tasks agreed for specialization and cooperation among the most important sectors must be made specific by the conclusion of contracts and resolutely carried out in the five-year plan period through 1985.

To be provided by firm links with the scientific-technological potential of the USSR are the prerequisites for comprehensively making available for the development of the GDR economy the findings of scientific-technological progress in decisive fields such as microelectronics, technologies of heat and electricity production, the more complete utilization of solid fuels, the development of new processes and equipment for the chemical industry as well as the development and use of progressive technologies for raising productivity in the metal processing industry.

The further expansion of specialization and cooperation must concentrate on developing and making available new high capacity products, including complete plant for the raw materials and fuel industries, for raising productivity in processing industry and strengthening GDR export competitiveness.

Existing specialized capacities must therefore be used rationally and high efficiency specialized capacities developed by way of the rationalization of enterprises, production departments and sections, with the aim of manufacturing low cost products to meet the needs of the GDR and other countries.

Production and foreign trade enterprises as well as economy managing organs must accomplish all export assignments with respect to the USSR and the other socialist

countries, in good quality and at the proper time. That is the prerequisite for the realization of the agreements concluded on the importation of raw materials, fuels, machines and plant as well as consumer goods.

Trade with the USSR and the other CEMA member countries will continue to represent the firm base of the GDR's total foreign trade. Some 70 percent of the GDR's international exchange of goods involve countries of the socialist economic area.

In future also the GDR will participate actively in the development of international economic relations as an important factor in the organization of peaceful and mutually beneficial relations between the peoples.

Economic and scientific-technological relations with the developing countries must be further deepened and expanded on a long-range and stable basis. The GDR thereby contributes to the consolidation of the economic independence and the industrialization of the developing countries and, at the same time, helps in the struggle for the democratic transformation of international economic relations.

Foreign trade with the capitalist industrial countries must be further developed on the basis of equality and reciprocity. A significant rise in exports to these countries is to be achieved by the increased availability of appropriate and profitable quality exports in order to guarantee imports as per the targets set in the plan.

As regards the development of foreign trade relations with the capitalist countries, the increasing instability and contradictions of the capitalist world market must be taken into account. It will be imperative to counteract all attempts by imperialist circles to shift to the GDR the effects of capitalist crises and inflationary developments.

The accomplishment of foreign trade assignments and the assurance of the necessary imports call for the further strengthening of our export competitiveness, especially in the sectors machine construction and processing industry, based on the rising performance of the national economy.

Care must be taken that export products are sold at satisfactory prices and terms, market research and sales operations improved, and that customer service and replacement part supplies function smoothly. To be ensured is the utmost flexibility of the export assortments and quicker reaction to market conditions. The foreign trade marketing organization must be adapted to conditions on the international markets.

Imports will be subjected to strict scrutiny. The greatest economy and efficiency will therefore be required in the use of raw materials and fuels and the development of domestic solutions.

VI. The Tasks of Bezirk, Kreis, City and Municipal Councils

Bezirk, kreis, city and municipal councils must effectively aid the stable growth of output and the further perfection of the people's material and cultural standard

of living by full exploitation of regional resources and the provision of favorable conditions for the complete development of citizens initiatives.

Intimately linked with the working people and their social organizations, especially the labor unions and the FDJ, the state organs must provide the most favorable conditions for the development of the working people's creative labors in the socialist competition for the fulfillment and purposeful overfulfillment of the plans.

It will be the fundamental task of bezirk and kreis councils by the rational utilization of regional reproduction conditions to provide all-round support for the key tasks of science and technology and socialist rationalization, especially microelectronics, robot technology and machine tool construction, as well as projects for raw materials production, materials management and the production of profitable export items and new high quality consumer goods.

Advantageous cooperation relations and the best possible transport conditions are to be created by the choice of suitable locations for the rationalization, modernization and expansion of production. Infrastructural facilities, space and plants are to be used rationally.

The efficacy of regional rationalization for the development of output and efficiency reserves and the lowering of costs accompanied by the simultaneous improvement of working and living conditions is to be further raised in all districts, administrative units and municipalities. That is the responsibility of the local state organs assisted by the economy managing organs.

Cooperation among enterprises should result in the inter-enterprise use of temporarily free capital equipment. The utilization of capital equipment will thereby be improved and costs lowered.

Bezirk and kreis councils must organize materials exchanges, more inter-enterprise transport, loading and unloading cooperation among enterprises and facilities, in order to contribute more than ever to lower costs and the rational use of energy, fuels and raw materials. They will issue directives for the further reduction of specific transportation expenditure and guarantee the inclusion of all transportation, handling and carrying capacities of the region for the fulfillment of transport tasks and the most efficient utilization of the means of transportation.

Local state organs must effectively assist the measures adopted by enterprises, cooperatives and facilities for the joint construction of [illegible]nalization aids as well as encourage larger enterprises and scientific-te[illegible]cal facilities to help with the rationalization of smaller enterprises and cooperatives.

Based on the economic plan, bezirk and kreis councils must ensure the availability of consumer goods to the public. They carry a great responsibility for the planned yield and availability of consumer goods as well as for the development of service and repair facilities in their region.

The supply of consumer goods for the public is to be expanded by the establishment of combines in district managed industry. That applies especially to supplies of the many small items of daily use and of spare parts. The production of high quality consumer goods must be increased and the full assortment maintained. A

key point for the ongoing improvement of the management and planning of district managed industry is the purposeful rationalization of the entire reproduction process. Machines and equipment standing idle or superfluous in centrally managed enterprises are to be transferred to district managed combines.

To be encouraged are craft enterprises which are useful for offering supplies or services to the public.

Bezirk and kreis councils must assist combines and enterprises in their efforts to save labor and free manpower for the multishift operation especially of the high capacity machines and equipment and to punctually take new production capacities into service. They must encourage multishift work by measures coordinated with the enterprises, especially as regards commuter traffic and workers supplies and welfare.

In cooperation with enterprises, facilities and cooperatives they will adopt measures designed to make fully effective the social labor capacity, improve the employment structure, reduce worker turnover and develop local manpower reserves.

Bezirk and kreis councils must emphasize their efforts to see that the recruitment and counseling of school leavers with respect to vocational training is coordinated with economic requirements and the personal interests of the young people.

State organs in districts and administrative units must coordinate investments in the regions and endeavor to find effective solutions for joining enterprises and facilities in the region especially for heat supply plants, auxiliary and ancillary production facilities as well as the coordination and subsequent use of construction site facilities.

Bezirk, kreis, city and municipal councils have a heavy responsibility for the efficacy of all measures aimed at the further improvement of working and living conditions and the satisfaction of public needs in the regions.

The material and financial resources made available as per plan must therefore be so used that the people's creative initiative is encourage and the best possible supply efficiency achieved.

Purposeful and efficient efforts will be needed to even better utilize the many local opportunities and existing reserves (especially of the local food industry, farming, transportation and retail enterprises) in order to improve the standard, quality and reliability of supplies in the regions and promptly turn over the goods made available. Relations between local industry, farming and commerce must be organized more efficiently.

The further implementation of the housing construction program and the provision of the material bases for the education, training and welfare of children must be realized as planned as a basic task involved in the unity of economic and social policy.

Sites for housing construction must be so chosen that they may assist the accomplishment of key economic tasks at the least cost, especially as regards urban

infrastructural facilities, and at the same time efficiently utilize the existing housing stock. For residential buildings and community facilities to be constructed it will be necessary to use such rational designs as will guarantee the best functional value and a significant reduction in construction, materials, energy and subsequent administrative costs.

As regards housing construction it will be necessary to ensure the unity of new construction, modernization and maintenance. The approaches to the maintenance and modernization of the building stock must be drafted and established in conceptions for the greatest possible development of output and efficiency in the kreis managed construction industry, in accordance with the resolutions adopted.

The construction output of kreis construction enterprises must serve mainly the modernization of urban residential districts. The services of the building repair enterprises and the communal housing administration VEB's must be used mainly for the repair and maintenance of the housing stock and further improved.

The role and responsibility of kreis planning commissions must be significantly increased for the observance and enforcement of general economic interests as well as the encouragement of output and efficiency development. They must actively affect the best possible utilization of the material and financial resources available in the region.

In close cooperation with the citizens the local state organs must ensure the skilful allocation and fullest utilization of living space in order further to improve the supply of housing for the public.

Bezirk, kreis, city and municipal councils must provide all-round encouragement for the comprehensive citizens initiative for the realization of individual contributions to the competition "beautify our cities and communities--join in!"

VII. Tasks Involving the Further Perfection of Management and Planning

1. The accomplishment of the tasks set by the Tenth SED Congress for the period 1981-1985 requires even more effectively to orient the further perfection of management, planning, balancing and economic stimulation to the encouragement of stable and great economic growth, the extensive utilization of scientific-technological advances and the general rise in the quality and efficiency of labor.

Applying the findings and experiences gained in the development of the socialist economy as well as the treasure of CPSU experiences, management and planning are to direct their attention to the further consolidation of democratic centralism, the steadily better assurance of the national economy's proportionality and efficiency as well as the complexity and dynamism of its development, and the comprehensive encouragement of the working people's creative initiatives in the preparation and implementation of the plans.

Central state planning must be further strengthened and its efficacy raised by using economic indices and targets to concentrate on the full development of qualitative growth factors and processes decisive for the progress of the national economy.

2. In consideration of the combines crucial responsibility in the struggle for the greater efficiency and quality of the economic reproduction process, central planning, balancing and analysis must be more definitely oriented to these large economic units.

Improved planning by combines must help develop existing reserves by overcoming the differences in standard and in growth rates. Furthermore the state must fully coordinate the availability of material and financial funds with the results of the production process.

Management and planning operations by the general directors of combines must be aimed at fully utilizing the main factors of intensification for the ongoing growth of output and efficiency and, by overcoming the differences in the development of standards and efficiency between the combine enterprises, make plan effective all reserves for the growth of combine output. Toward that achievement the proven methods of socialist management must be comprehensively used and analytical bases perfected.

Combine general directors must ensure that scientific-technological progress is speeded up, that at the same time state quotas and single tasks of the state plan science and technology receive priority with regard to material-technical resources, and that the concentrated employment of the scientific-technological potential with the greatest possible efficiency helps gain both quality and time.

The method of operation of the central state organs must ensure that the general directors are able to cope with the tasks of combine development on their own responsibility, based on the plan. The management and planning operations of the central state organs must concentrate on ensuring the further improvement of long-range conceptual work on the preparation of decisions concerning the appropriate production structure, proportionality between preliminary and posterior production stages, the main directions of science and technology--and all that with the broadest possible effect and designed to guarantee the long-range intensification of production by extensive socialist rationalization. Of signal importance is the drafting of development conceptions and programs for selected economic complexes and processes in the responsibility of the State Planning Commission, the Ministry for Science and Technology and the Research Council jointly with other ministries and combines.

Combines must process the five-year plan and break it down into separate years.

3. In order to appraise the performance of combines and enterprises it will be necessary to comprehensively use the three basic indices industrial goods production, net production and basic materials costs per M100 goods production at every level of management and planning, and actually make them even more effective. Consonant with economic requirements the performance appraisal must also base on the accomplishment of output targets at the appropriate quality and in the proper assortment, the rise in productivity and other qualitative indices of economic growth, with the aim of raising efficiency and lowering production consumption.

Economic stimulation must be further developed so as to effectively help accomplish the plan targets for the greatest possible growth in output, productivity and efficiency.

The criterion for stimulation is satisfactory performance, to prove which the basic indices of performance appraisal must be used. Performance growth and performance standards must be assigned greater weight.

4. For the further organization of the five-year plan as the main instrument of economic management at all levels it will be necessary further to improve long-range planning. To be emphasized is the improvement in the cost-result ratio, in other words efficiency. In order to achieve the targets fixed in the 1981-1985 Five-Year Plan for the improvement of efficiency, it will be necessary purposefully to base the overall economic plans, the plans of ministries, combines, enterprises, districts and administrative units on

-- The significant reduction of production consumption,

-- The greater refinement of raw materials and other materials,

-- The rational use of the social labor capacity and the high educational standard of the working people, and

-- The improvement of the efficiency of capital equipment management and investment operations,

It will be necessary to draft and decide the main directions of the development of the economy's material-technical base together with the five-year plan.

5. Central state influence on material balancing and the disciplined accomplishment of the tasks set out in the balances regarding the production and efficient utilization of material funds must be significantly strengthened. Central state organ supervision of these processes must be increased. All managers in government and the economy must personally handle their assignments, rights and duties.

In order consistently to realize the unity of plan, balance and contract it will be necessary to develop the contract into a more active instrument for the accomplishment of the tasks assigned by the plans and balances. Punctual and appropriate plan and contract fulfillment is to be ensured in all enterprises an an important factor of efficient management. Supervision by financial and bank organs must be significantly increased.

The rational and economical use of all resources requires the fundamental improvement of work with norms and normatives at all levels of management and planning. By reference to advanced international standards norms and normatives are to be fixed and kept up to date so that their use in plan preparation may result in purposeful and steady qualitative changes in production, technology, materials and energy management, investment operations and capacity utilization.

Before the plans are drafted scientifically based norms and normatives must be prepared, confirmed and assigned for obligatory use in plan preparation.

To be purposefully raised is the proportion of the normed consumption of raw materials, other materials and energy sources.

6. The increased orientation of planning to qualitative growth factors must achieve the better agreement of material and financial funds. This means that the role of the finance plan as a management and supervisory tool must be enlarged at all levels, while the development of the material factors of efficiency will have to be consistently reported in cost planning and be made plan effective. The measures involved here must aim at organizing cost and profit planning so that it may be an active instrument for the disclosure of efficiency reserves. Based on the economic demands for steady growth in efficiency and in order to overcome the unjustified differences in standards of efficiency between combines, the tasks set in the 1981-1985 Five-Year Plan to lower basic materials costs must be complemented by combine cost conceptions. The decisive perfection of financial and cost planning and their closer involvement with economic accounting in combines and enterprises must provide even better prerequisites for the analysis and control of the factors determining efficiency.

To effectively aid the struggle for the greatest possible efficiency it will be necessary as per plan to organize and utilize the categories of economic accounting such as profits, prices, loans and interest, that they may exercise a stimulating effect on the dynamic growth of output, the improvement of production and export structures, the betterment of capital equipment and materials management as well as the rational utilization of the social labor capacity. The importance of the GDR mark as an incorruptible criterion of economic performance must be emphasized. It will be necessary so to fix industrial prices as to stimulate the greatest possible efficiency of the reproduction processes of combines and enterprises, the extensive refinement of energy sources, raw materials and other materials, and the greatest possible export profitability. The formulation of industrial prices must effectively encourage the development and production of new and improved products at lower prime costs, the greatest possible extent of refinement and excellent quality. Industrial prices must be used to exert more pressure on the lowering of prime costs.

The growing monetary and credit funds must be used with the greatest effect on the basis of the plan. The banks must make their availability dependent on the better utilization of qualitative factors of economic growth and progressive norms and normatives of costs and results.

7. Central state planning must be so coordinated with regional planning that the five-year plan and annual plans may guarantee agreement between the development of combines and enterprises and the development in districts, administrative units, cities and municipalities.

To be ensured at the same time is the provision of regional prerequisites for the accomplishment of scientific-technological assignments, the further deepening of intensification by socialist rationalization and the efficient utilization of the social labor capacity.

8. To be achieved by a higher standard of management, the uniform and systematic use of electronic data processing as well as economic-mathematical methods, is another improvement of the standard of accounting and the standard of plan decision, the rationalization of management and planning operations. The general rationalization of management and administrative costs is thereby to be ensured at all levels.

The main directions and tasks for the development of the economy in 1981-1985 are oriented to the further implementation of the SED program aiming further to organize in the GDR the developed socialist society and thereby provide the basic conditions for the gradual transition to communism. The economic strength of our country is growing steadily and dynamically on that basis, the conditions for the security of our achievements are created as well as those for the gradual improvement in the people's material and cultural standard of living, while the GDR is further strengthened as a stable factor for peace and socialism.

The targets for the development of the economy in 1981-1985 inspire the creative labors of the working people and many new initiatives in the socialist competition. At the same time people will come to appreciate more and more that outstanding performances represent the best possible contribution to the consolidation of the international positions of socialism and raise the efficacy of our foreign political efforts for the security of peace.

The accomplishment of the economic targets in 1981-1985 calls for ou central state organs and the state organs in districts, administrative units, cities and municipalities to take many initiatives and work creatively and responsibly in close touch with the working people.

Again to be improved is the quality of state management operations in accordance with the growing economic challenges and the need further to strengthen democratic centralism in management and planning. That includes the improvement of the scientific organization of management, the ongoing deepening of affection for the masses among the state organs and the well-informed involvement of all citizens in the discussion and accomplishment of state tasks. State and social controls must be further expanded.

Particular attention is due the training and further education of management cadres.

The labor unions in their capacity as the most comprehensive mass organization of the ruling working class are called upon, on the basis of Marxism-Leninism, to function as schools of socialism and communism, the representatives of the interests of the working class and all working people. They must encourage the creative activism, the socialist labor, study and lives of millions of unionists and inspire them to achieve the economic targets.

They organize the socialist competition as the reflection of the leading role of the working class and the labor unions responsibility for strengthening our socialist system. The politico-ideological, scientific-technological and economic results achieved in the socialist competition exercise a decisive influence on the growth of the economic performance and, therefore, the total social development.

The main purpose of the socialist competition is the struggle for the greatest possible efficiency and quality of labor, the lowering of costs and the growth of productivity. This means that all creative initiatives of the working people must primarily be directed to the qualitative factors of economic growth. At the same time all of this must be coupled with the ongoing improvement of working and living conditions for the working people in enterprises and facilities.

In close cooperation with the labor unions the state managers must encourage and use all initiatives of innovators and rationalizers even more purposefully. Special attention is due collective innovator activism.

All competition initiatives, workers suggestions, proposals and criticisms as well as the proposals submitted by the labor unions must be carefully evaluated and incorporated in management operations.

Youth is involved in the accomplishment of the tasks for the development of the economy, enthusiastically, actively and displaying a great sense of social responsibility.

The FDJ encourages all creative activities of the young, which are liable to increase the economic strength of our country. At the same time it makes an important contribution to the communist education of the young generation. The economic initiatives of the FDJ must be comprehensively backed.

Purposefully to be encouraged, in particular, are the establishment of more youth brigades, the movement of the Fair of the Masters of Tomorrow and other economic initiatives of the young, especially the young workers.

Key tasks of the economic plan in all sectors of the economy must be assigned the young in the form of youth projects. Particular attention is to be devoted to youth activities in science and technology, culture, sports, tourism and defense training.

The women of the GDR enjoy equal rights and participate in the further organization of the developed socialist society with an enormous sense of social responsibility and creative initiative. They develop their abilities and talents in all areas of life--in professions, education, politics and family--for their own benefit and that of the socialist society. Increasingly better conditions are provided by the growing capacity of the economy and the resolute encouragement of women.

The steady implementation of the SED sociopolitical program is improving the conditions and opportunities for women and girls to continue actively in a profession, in social life and the family. The professional education and further education of women is to be resolutely pursued, consonant with the demands of scientific-technological progress.

State and economy organs in conjunction with the social organizations, especially the labor unions and the Democratic Women's League of Germany must aid and encourage the initiative and readiness of women to share in the achievement of future tasks.

The National Front of the GDR, the parties and mass organizations united in it, labor with all their might to carry out the tasks involved in the development of the economy in 1981-1985. By their varied and sophisticated work with the masses, in constant political intercourse with the citizens they contribute to the further consolidation of the trust between the socialist state and its citizens.

The SED calls upon the workers, cooperatives, members of the intelligentsia and all other working people to exert all their efforts for the fulfillment of the truly historic task of all-round strengthening the GDR as an indivisible element of the socialist community, grouped around the Soviet Union and contributing to the further consolidation of the positions of socialism peace and international security.

11698
CSO: 2300/211

RATE OF ECONOMIC GROWTH IN SIXTH FIVE-YEAR PLAN DISCUSSED

Budapest KOZGAZDASAGI SZEMLE in Hungarian No 4, Apr 81 pp 385-399

[Article by Akos Balassa, main department chief, National Planning Office: "The Rate of Economic Development and the Chief Ratios Thereof in the Sixth Five-Year Plan"]

[Text] Preparations for the Sixth Five-Year Plan began at the beginning of 1978. In the first period the planning organs concentrated their attention on developing economic policy ideas serving as a basis for the plan conception.

In the course of working out economic policy ideas for the years 1981-1985 the planning organs started at first from the Fifth Five-Year Plan, from the guides for long-range development prepared in 1976-1977 and from the estimates at that time pertaining to the development of external and internal conditions between 1981 and 1985.

In the process of working out the economic policy ideas a large number of alternatives pertaining to the rate of economic development and the chief ratios thereof were prepared and examined. In the course of planning the alternatives taken under study at the beginning changed significantly and new ones came up. This was interdependent with the fact that economic development in 1978 deviated to a large degree from what had been calculated; the balance position of the people's economy deteriorated significantly in this year. So there was a parallel re-evaluation of the 1976-1980 development, a review of the rate of growth and chief ratios for 1978-1980 and a determination of the content of and methods for the necessary economic policy trajectory modification.

The economic policy ideas pertaining to the Sixth Five-Year Plan which were approved at the end of 1978 were developed with an awareness of the decisions made concerning the trajectory modification and in harmony with them. At this time, however, there had not yet been a final decision concerning the rate of economic development for 1981-1985 or the chief ratios thereof; two alternatives remained open for further planning work.

In 1979 it became increasingly obvious that it was not possible to develop a plan conception for the Sixth Five-Year Plan while maintaining these two alternatives. The "second oil price explosion" took place in 1979 also and as a consequence it was necessary to substantially modify the projections pertaining to the expected

development of to 1985 of the foreign trade terms of trade and on the basis of plan coordination discussions held with CEMA countries it was necessary to correct the ideas pertaining to a possible expansion of trade. It became clear that the possible rate of economic growth in 1979-1980 would be even more moderate than expected at the time of the trajectory modification.

Thus it was necessary in the second half of 1979 to re-examine the new possibilities and alternatives pertaining to the rate of economic development and the chief ratios thereof. This examination led to the conclusion that the margin for economic policy had narrowed, the situation which had developed and the conditions to be expected determined to a large degree the possible rate of economic development and the chief ratios thereof. In the given circumstances what came to the fore was the relatively favorable harmonization of the economic possibilities on the one hand and the social-economic aspirations on the other, a recognition of the necessary development and of the tasks belonging to it. It was definitely necessary to choose between the alternatives which had been developed and which had remained open for a time.

The alternative offered as a basis for the plan conception differed from earlier economic policy thinking primarily in that it recommended setting the rate of economic growth at the lower limit of the earlier lower alternative, required the use of several tools to restore the foreign economic balance and thus judged a slower increase in domestic use to be possible and other ratios thereof to be necessary.

The position taken by the 12th congress of the MSZMP concerning an economic policy for the years to follow meant a decision to finalize the conception for the Sixth Five-Year Plan and to work out the plan in detail. The approved plan is in complete harmony with the position taken by the party congress.

In what follows I will deal, in regard to the economic policy content of the Sixth Five-Year Plan, with the rate of economic development for 1981-1985, with the chief ratios thereof, with the fundamental interdependencies in connection with these and with economic policy questions closely linked to all this, with special regard to factors determining the 1981-1985 development of economic growth, efficiency, the balance and distribution ratios and to the interdependencies of these.

Since the restoration of the economic balance will stand at the center of economic policy in the years ahead it is justified to begin the review with this question.

Improving the Economic Balance

The Sixth Five-Year Plan designates the chief direction of economic activity in an improvement of the balance situation of the people's economy, primarily in an improvement of the foreign economic balance therein. This is not the result of a subjective decision but rather is a necessity deriving from the present balance situation and from the development of foreign economic conditions to be expected between 1981 and 1985.

The balance situation of the Hungarian people's economy was not satisfactory in the 1970's as a whole. The combined effect of two factors caused the deterioration

of the balance--especially of the foreign economic balance. One was long lasting, the continuing deterioration of the foreign trade terms of trade after 1974. One was intermittent, the great increase, lasting one year each time, in internal use, including accumulation, in 1971, 1974 and 1978. Of the two causes the first can be regarded as of determining significance.

The foreign trade terms of trade deteriorated basically as a one-time and continuing result of the world market price explosion; in addition, however, they deteriorated because we could not protect ourselves against this and counterbalance this with our production and foreign trade activity in measure with the objective possibilities.

Our foreign trade terms of trade deteriorated by 14 percent in 1974-1975 and by 4 percent in the years 1976-1980, a total of 18 percent in 6 years. The deterioration in terms of trade in the non-ruble relationship took place essentially in 1974-1975 (there was an improvement in 1976, another deterioration in 1977 and then minor variations), while the deterioration in terms of trade in the ruble relationship took place gradually between 1975 and 1980.

As compared to 1973 price relationships the deterioration in foreign trade terms of trade resulted in a deficit--calculated at prevailing prices--of nearly 60 billion forints in 1974-1975 and more than 200 billion forints between 1976 and 1980 (45-50 billion of this in 1980).

In the period between 1976 and 1980 there was a great increase in internal use once, in 1978. This resulted in extra use of 25-35 billion forints.

Disregarding this leap the people's economy made significant efforts to improve the balance situation, including the foreign economic balance--although, it is true, with less result than justified and possible in the area of improving the structure and efficiency of production and with greater sacrifices in the area of limiting internal use. In the period between 1976 and 1980 internal use increased more slowly than national income by an annual average of 1.4 percentage points and, accordingly, export increased more quickly than import by an annual 3.0 percentage points.

The Change in a Few Economic Indexes From 1975 to 1980 (percent)

Designation	Total Growth	Average Annual Growth
National income	17.3	3.2
Internal use	9.2	1.8
Export	37.5	6.6
Import	18.7	3.5

The swifter growth of export as compared to import used more than two fifths of the increment in national income between 1975 and 1980, thus only about three fifths served to increase internal use. Thus, even by the beginning of the Sixth Five-Year Plan a satisfactory balance situation of the people's economy had not been achieved.

The import surplus of the people's economy in the years between 1976 and 1980 came to a total of almost 150 billion forints, which is less than the deficit deriving from the deterioration in the foreign trade terms of trade. The import surplus in 1978 increased greatly--due to the great increase in internal use--but it decreased significantly in 1979 and 1980, and was only 16 billion forints in 1980. This corresponds to not quite 3 percent of the national income of the given year and thus, in itself, is not too significant. But when evaluating the external balance situation of the people's economy one must also consider that the interest burdens of the foreign indebtedness, which increased as a function of the significant import surplus of past years, make up more than 3 percent of the national income in addition. As a result of this the difference between current foreign exchange receipts and foreign exchange expenditures is relatively significant, to the advantage of the latter, and the annual increase in indebtedness is considerable--if we ignore for the sake of order the favorable effect of a few business cycle factors.

Thus the external balance situation of the people's economy is not yet satisfactory--despite the successful efforts made in past years, as a consequence of the constantly deteriorating external conditions. This is the chief reason why an improvement in the external balance must be regarded as an especially important goal of economic activity in the period between 1981 and 1985.

According to our present information the foreign economic conditions will deteriorate further between 1981 and 1985. On the basis of forecasts we can calculate that the foreign trade terms of trade will be less favorable in 1985 than in 1980 by an average of 6-7 percent. The magnitude of the deterioration in the terms of trade will probably be greater than the average in trade taking place in the ruble relationship because the effect of the so-called second oil price explosion which took place in the capitalist world economy in 1979, which had appeared to only a small degree in ruble prices in 1980, will be realized to its full extent by 1985.

By improving the production structure and moderating expenditures there must be an attempt in economic work to reduce to the smallest possible level the magnitude of the deterioration in the foreign trade terms of trade in both relationships. But when preparing the five-year plan (out of caution and for the sake of security) it was justified to calculate on a deterioration in the terms of trade of the above magnitude--which corresponds to the median value of the zone defined by the forecasts. By 1985 the predicted deterioration in the terms of trade will cause new losses amounting to 3 percent of the national income.

Because of the lack of resources for the people's economy in 1980 and because of the deterioration in the foreign trade terms of trade it will be necessary to increase the volume of export a good bit more strongly than import in the Sixth Five-Year Plan. The magnitude will depend on how our foreign credit contacts can be developed.

In the non-ruble relationship it is possible or useful to count on a moderate increase in borrowing. In this case repayments and the payment of interest combined will gradually exceed the level of borrowing. To do this, taking into consideration other financial contacts also, there must be a gradually increasing export surplus--at current prices--in the plan period. This will make it possible to

essentially stop, in the course of the plan period, the increase in the real (or possibly nominal) value of net indebtedness, to considerably decrease the ratio of service on the debt as compared to export and thus to achieve a satisfactory balance situation. In the ruble relationship, on the basis of possible credit contacts, there must be a substantial reduction in the import surplus calculated at current prices to achieve a satisfactory balance situation--taking into consideration calculations outside the exchange of commodities including a favorable effect from tourism.

Taking the foregoing into consideration, the volume of export must be increased more quickly than that of import by an annual average of 3-4 percent, and by 6 percent in the first year of the plan period. Thus foreign economic goals (counterbalancing the further deterioration in the terms of trade and improving the foreign economic balance calculated at current prices) will tie down almost 50 billion forints of the 1985 increment (as compared to 1980) in the national income, calculated at 1980 prices, which comes to 8-9 percent of the value of the 1980 national income. (Within this the "burden" for 1981 is 18 billion forints, or 3 percent of the 1980 national income).

Increasing export more quickly than import necessarily requires that we increase internal use a good bit more slowly than national income--by an average of 1.5-2 percentage points per year--and that it increase not at all in the first year of the plan period.

Considering that foreign economic goals will require a larger part of the increment in national income which can be planned for the period between 1981 and 1985, and will require the entire increment in 1981, improving the foreign economic balance can justly be called the fundamental goal, of determining significance, in economic activity for the years ahead.

Improving the foreign economic balance is not a "distribution of goods" task, rather it is a production development task and an income distribution task, in the broad sense. It is not possible, basically and lastingly, to improve the foreign economic balance at the burden of satisfying domestic demand, or by an artificial limitation on imports or by an exaggerated forcing of export or with special incentive. Not only is this incompatible with the basic principles of our economic policy and our economic guidance system, it is also a path which cannot be followed in practice because within a relatively short time and to an even more serious degree it would force a significant increase in imports and a moderation of exports, and thus a serious deterioration in the foreign economic balance. In essence the economic balance is indivisible, the external balance can be improved lastingly only together with a maintaining and further strengthening of the internal economic balance.

The chief tools for restoring the foreign economic balance are, on the one hand, increasing the efficiency of production and an export-oriented development of its structure and, on the other hand, a strict regulation of the distribution and redistribution of incomes, and on this basis of demand, which will make possible a strengthening of the domestic financial and market balance.

The Rate and Character of Economic Growth

The Sixth Five-Year Plan prescribes a 14-17 percent growth in national income, thus an average of about 3 percent per year.

This rate of economic growth can be called moderate. At the same time it is not precise and thus it is not acceptable to say that according to the five-year plan the rate of economic growth is moderating.

A moderation in the rate of economic growth took place already in the second half of the 1970's. National income increased by an average of 4.8 percent per year between 1971 and 1980--by an average of 6.3 percent per year between 1971 and 1975 and by an average of 3.2 percent between 1976 and 1980. The growth in national income prescribed for the Sixth Five-Year Plan is lower even than the latter figure but this comparison does not adequately characterize the process of moderation. In the years between 1976 and 1980 the rate of growth was decreasing gradually and strongly; in 1976-1977 national income increased by an average of 5.4 percent per year (it is justified to consider these 2 years together because of the bad agricultural production in 1976); it increased by 4 percent in 1978, by 2 percent in 1979 and did not increase at all in 1980.

Thus, compared to the last 2 years of the period between 1976 and 1980 the prescribed development is at a swifter rate, and in such a way that, according to the plan, national income will increase by 2-2.5 percent in the first year and more strongly thereafter. So in reality the five-year plan reckons not with a moderating growth but rather with a somewhat accelerating growth, although moderate in character.

The rate of economic growth between 1981 and 1985 is not determined, basically, by factors included in the traditional growth theories.

In order to prevent misunderstandings it must be prefaced that a growth substantially exceeding 4 percent per year is already excluded for internal reasons. These reasons are: the development of the supply of production factors (the manpower available, the possible expansion of assets) or the efficiency of their use which can be expected realistically and the coming to the fore of the qualitative changes which are becoming necessary in the structure of production at the level of economic development which has been achieved, or the coordinated development of production and infrastructure.

But the fact that the rate of economic growth could not be planned at higher than 3 percent per year derives basically from external factors and from internal factors closely interdependent with them. Of crucial significance is the rationally possible increase in import, which is determined in the non-ruble relationship partly by the increase in economical export and partly by the necessary difference between the dynamics of export and import and which is determined in the ruble relationship primarily by the available export possibilities of the CEMA countries for products needed by the Hungarian people's economy.

It follows from the already mentioned balance requirements that with an increase in imports averaging 3-3.5 percent per year, and increasing even less at the

beginning of the plan period, we must increase export by an average of 6.5-7 percent per year, and even more in 1981. Export in the non-ruble relationship must be increased more quickly than the average. Taking into consideration the expected development of the external economic situation and the results which can be realistically expected in modernizing the production structure and in improving the competitiveness of our products, we cannot count on a swifter increase in export--in consequence of an increase greater than the annual average of 3-3.5 percent for import.

The possibilities and requirements deriving from the foreign economic contacts represent the determining factors for the rate, character and content of economic growth.

There is a close but not at all unambiguously defined link between import and the rate of general economic growth. In the 1960's a one percent increase in national income was accompanied by an increase in imports of about 2.0 percent; between 1971 and 1975 this figure averaged 1.1 percent and between 1976 and 1980 it averaged 1.2 percent. Within this last figure the "import-demand co-efficient" came to 1.1 percent in 1976-1977, 3.0 percent in 1978 and 1.2 percent between 1978 and 1980. The variation in import-demand between 1978 and 1980 was interdependent not primarily with the development of production but rather with the development of final domestic use (which greatly increased and then greatly decreased).

In any case domestic and international experience indicates that import can increase more slowly than national income only for a relatively short time, after an earlier especially swift increase, and can decline only in the event of a decrease in final use; in the longer run it increases at least as much as national income or at a rate exceeding it. At the same time there can be no doubt that the swifter the growth the more the increase in import exceeds that of national income, and vice versa, the slower the less.

So, in the first place, it would not have been well founded to plan, for 1981-1985, that national income should increase at a rate exceeding the possible increase in import. In the second place it could be considered and it had to be considered that the import-demand index would moderate for several reasons. These reasons are: the low rate of growth, an increase in final use substantially slower than national income, energy and material conservation organized and encouraged by state measures and a greater role than before in development policy for rational and efficient import replacement.

The possible increase in import is in harmony with an increase in production and national income of about 3 percent per year. (This is also confirmed by more detailed calculations pertaining to the more important products and product groups).

The magnitude and character of the increase in production are determined by the foreign economic conditions and goals or by the internal tasks interdependent with them in another respect as well. An increase in export averaging 6.5-7 percent per year, significantly exceeding production, the change in the composition of external and domestic demand and the necessary improvement in the economicalness of export and of production in general all presume a transformation and modernization of the structure of production and a development of the technical level and

quality of products produced. Realizing these goals is the key question of economic development in the years ahead. The experience is that conditions are more favorable for a better realization and stronger unfolding of the quality and efficiency elements of development of the rate of quantitative growth develops around or below the median value of the zone possible under the given conditions; while striving for an excessively swift, forced quantitative growth, as compared to the given circumstances, hinders an emphasis on the quality characteristics of development. Thus, from the viewpoint of a swifter structural change it is favorable if the rate of quantitative growth is lower.

Thus the rate of economic growth planned for the years between 1981 and 1985--in the given conditions and taking into consideration the quality and structural requirements connected with the development of production--can be called not low but rather balanced. The planned growth corresponds to the conditions and possibilities which can be realistically expected, and realizing this growth will require significant efforts.

Two other very important factors must be taken into consideration when judging the planned rate of economic growth. First, this development characterizes the average, behind which there must be a significant spread or differentiation depending on the extent to which the individual producing enterprises are able to develop their activity, improving the efficiency of production, in accordance with marketing possibilities and the balance requirements. The thinking which applies to the average rate of development does not restrict a single producer; indeed, it is desirable that enterprise efforts be directed in every case toward an ever stronger growth of economical marketing.

In the second place, to the extent that a greater proportion of producers than expected are capable of increasing their production dynamically and economically and in accordance with market conditions or the desired marketing ratios and the balance requirements the rate of growth of the people's economy can exceed what is planned.

Increasing Economic Efficiency

A considerable increase in economic efficiency is a basic precondition for the planned improvement in the balance situation of the people's economy, laying the foundations for the prescribed rate of growth and strengthening the quality character of it.

Limiting domestic use, reducing it compared to the very high level of 1978, had the determining role in the improvement in the economic balance achieved in 1979-1980. It was thus possible to eliminate a significant part of the irrational element in final domestic use (for example, excessive accumulation, exaggerated public use). Although there are still considerable possibilities for rationalization, for conservation and for eliminating unjustified or avoidable expenditures and although everything must be done to exploit these possibilities it is no longer possible to count on an additional significant reduction in final internal use in the years ahead (or rather, it would be possible only at the risk of creating sharp problems in social-economic development).

Thus in this plan period the chief factor in improving the economic balance can only be to increase the efficiency of production.

At the same time and interdependent with this, increasing efficiency will be the chief source for economic development also.

An increase in economic efficiency must be manifested in both the traditional sense (as an improvement in the combined utilization of resources tied up, manpower and assets) and in a broader and more comprehensive sense more difficult to quantify.

Before all else the combined efficiency of manpower and assets expenditures must be increased to a degree greater than that achieved in the preceding plan period. This complex, combined efficiency increased by 8-9 percent between 1976 and 1980 (calculated for the sphere of material production); it must be increased by at least 10 percent in the period of the Sixth Five-Year Plan. In this case two thirds of the increase in national income will come from an increase in efficiency and only one third will come from making use of supplementary resources.

During the Sixth Five-Year Plan the number of people employed in material production will decrease by 2-3 percent; within this the personnel of the directly producing branches will decrease by a total of 4-5 percent. (In the production infrastructure there will be an increase of more than 3 percent.) In connection with this the productivity of work--calculated on the basis of net production--must increase by a total of 18-19 percent in the material branches, within this by a total of 21-22 percent in the directly producing branches, for an average of 4 percent per year. Such an increase in work productivity essentially corresponds to what was achieved in the past, in the years 1976-1980--with a somewhat swifter increase in production.

On the basis of the composition of the resources available a larger proportion than heretofore of the increase in economic efficiency must be achieved by savings in material expenditures or embodied work.

It will be necessary to decrease more strongly than heretofore the specific material expenditures for production, within this energy use especially. (For example, a one percent growth in national income might be accompanied by a 0.6-0.7 percent increase in energy use.) It must be noted that despite this one cannot count on national income increasing more quickly than production, because the rate of growth for amortization will signif cantly exceed that for production.

The tying up of assets necessary per unit of production increased to a greater degree than justified between 1976 and 1980. The stock of fixed assets in the directly producing branches increased by a total of 41 percent while net production increased by only 16 percent. The excessive accumulation experienced in 1977-1978 and the inadequate utilization of a part of producing capacity in 1980 contributed to this. The growth trend for the tying up of assets per unit of production--taking into consideration also the reserves which have developed in the area of assets use--can and must be moderated during the Sixth Five-Year Plan. In the directly producing branches the stock of fixed assets will continue to increase more quickly than net production but a good bit more slowly than in the preceding period (by a

total of 26-27 percent). Thus, according to the plan, net production per unit of fixed assets will decrease here by only 9 percent--as compared to 17 percent in the preceding period. (In order to evaluate the data it must be noted that the increase in the stock of fixed assets calculated at comparable prices shows a dynamic greater than the real one because it also contains the so-called cost increase.) In addition to an improvement in the utilization of the existing assets in the economic sense, primarily an improvement of an intensive character (more rational use of capacity, changing the composition and organization of production, producing more valuable products, rationalizing stockpile management, etc.), this will require a more efficient investment of accumulation assets--investments which can be realized more quickly and which pay off more quickly on the basis of better economic results.

The above measures do not exhaust what is meant by increasing economic efficiency, especially in the years between 1981 and 1985. The cited indexes of the productivity of work and of the tying up of assets express primarily volume processes (including the effect on these of structural changes). In addition an increasing role will be played by factors which influence primarily income processes.

In order to increase efficiency in the full sense it is especially necessary to accelerate the modernization of the structure of production. We must increase in production the ratio of competitive products which are technically modern, of good quality and suitable in their composition for changing market requirements; in addition to fully satisfying domestic demand we must increase in production the ratio of production and sales for export; uneconomical production and export must be made efficient more quickly or--if this is not possible--they must be replaced with the production of profitable products which can be sold well; and we must accelerate the process of making efficient the activity of enterprises which are working uneconomically or with lasting financial difficulties.

But the modernization of the production structure will be accompanied by real economic results and will provide supplementary resources only if it finds expression in changing the chief economic characteristics of the people's economy. Some achievements could have a favorable effect on the growth of national income calculated at comparable prices--improving in some branches the ratio of net production as compared to gross production and increasing that part of net production which comes from sources outside the branches (from product taxes and value differences). Other achievements must be manifested in the development of the foreign trade terms of trade, in that the terms of trade calculated for the same main product groups or larger product groups improve, thus moderating the loss to the people's economy unavoidably deriving from the deterioration in the terms of trade.

A stronger than before improvement in economic efficiency should be aided by an appropriate development of the economic regulator system, a modernization of the enterprise organization of the economy and of the organization of economic guidance, a development of inter-enterprise contacts and cooperation, a better utilization of the achievements of science and technology and an improvement in the level of leadership.

Distribution of Resources

One of the fundamental conditions for and guarantees of a balanced development of the people's economy is a distribution policy which, in the first place,

"distributes" only as many resources as are reliably available and which, in the second place, makes sharing in the utilization of incomes dependent--wherever and to the extent this is rationally possible--on the contribution to the creation of income.

Thus, in order to determine in a well founded way what resources would be available for distribution, for internal use, it was necessary to provide a circumspect forecast of external economic conditions (including, especially, the terms of trade and the possible financial contacts) and to define the balance requirements deriving from this and to provide a sober delineation of the rate of economic growth. If we consider the conditions too optimistically, approaching the more favorable value of the probable zone, and if we "over-plan" the possible rate of economic growth, and the improvement in efficiency within this framework, then the plan will "over-distribute"--it will prescribe the utilization of things the availabity of which is uncertain, and this would lead unavoidably to a worsening of the economic balance. If, on the other hand, the plan took too pessimistic an account of the conditions to be expected, of the increase in efficiency and of economic growth then it would under-regulate domestic use and user demand and this could have a retrograde effect on production and the generation of income and, restricting this to too low a level, it could itself become one of the causes precipitating an unsatisfactory increase in economic efficiency.

The determinations pertaining to the distribution of available resources can be well founded and correct if the plan prescribes economic growth and the development of the balance situation circumspectly. We examined these things earlier, pointing out and evaluating the conditions and considerations influencing the decisions.

In this way what was said above pertaining to the external conditions, to the requirements connected with restoring the economic balance and to economic growth determined the magnitudes of resources available for internal use between 1981 and 1985.

In the period between 1976 and 1980 internal use exceeded the national income produced by a total of almost 6 percent. (The over-use came to 11 percent in 1978 and to not quite 3 percent in 1980.) During the Sixth Five-Year Plan--in accordance with the earlier discussed balance requirements--the import surplus must be reduced to a minimum in 1981 and beginning with the middle of the plan period we must achieve a surplus at current prices. The magnitude of this during the 5 years would come to 40-50 billion forints, 1.2-1.4 percent of the national income (but more than 2 percent in 1985).

Thus, in the next 5 year period the resources available for internal use will be somewhat smaller than the national income.

But the above data--calculated at current prices--according to which we must achieve from 1980 to 1985 a 5.5-6 percent change in the relationship of national income and internal use do not entirely depict the interdependence between the development of the national income produced and that which can be used domestically. In reality the possibilities for increasing internal use are reduced by the deterioration in the terms of trade which constantly moderates the real value of the national income. Thus--calculated at 1980 prices--the necessary change in the

relationship of national income and internal use during the 5 years will exceed 8 percent.

The link between national income and the possible increase in internal use is characterized more simply by the fact that in 1985 more than half of the increment in national income, as compared to 1980, will be used by foreign economic goals, to counterbalance the additional deterioration in the terms of trade and to improve the foreign trade balance at current prices, and only less than half can be turned to increasing internal use or for the purpose of reserves.

According to the plan a part of the planned resources must be handled as a general reserve against the event that the external economic conditions will develop less favorably than predicted or efficiency develop less favorably than palnned. (We planned an additional reserve within the investment prescription and the popular income prescription.) The size of the reserves taken into account is not too large (the "general" reserve is about 2 percent of the national income), the generation of a reserve larger than this was not possible with the given development of resources.

Thus we can count on not quite one third of the 1985 increment in national income--compared to 1980--to increase internal use. So during the 5 years internal use can increase by a total of 3-5 percent.

In 1981 the increase in the assets needed to fulfill foreign economic goals will exceed the increase in national income; thus the moderation in internal use realized in the preceding 2 years must be continued in 1981. Internal use in 1982 will remain essentially at the 1981 level, or it will increase very little. One can probably count on an increase in internal use beginning in 1983.

Planning the distribution ratios for the resources available for internal use brought up complex social and economic policy problems, primarily an extraordinarily difficult dilemma regarding the development and harmonization of standard of living policy and economic development goals. The essence of the dilemma was whether it was possible to post standard of living policy goals which would not crush production and economic development processes, or rather whether it was possible to develop sober production and economic development ideas with which we could conduct a socially acceptable standard of living policy.

The difficulty of the problem derived primarily from the fact that--as studies by planning have shown--preserving the standard of living of the populace makes necessary a substantial increase in consumption (considerably exceeding the possible rate of growth for internal use).

Obviously the preservation or maintenance of the standard of living cannot be interpreted for an "average" of the population but rather must be related to individuals. Within this framework a natural and fundamental element of preserving the standard of living is maintaining the average real wages of earners. For this reason the plan prescribes as an absolutely minimal goal the preservation of the average real wage for 1980 until 1985. Of course this does not mean that the material situation of indivudual earners will remain unchanged. The level of consumer prices is increasing by an average of 4.5-5 percent per year, by 25-28

percent in 5 years, which in itself--since it affects a relatively broad sphere of goods and services--will not foreseeably differentiate to any considerable degree the real value of wages. Average net earnings will increase to a similar degree; but a differentiation among these is already necessary. The individual must be assured the opportunity of improving his material situation by his work; care must be taken to see that the differences among earnings better express the differences which exist in the amount, quality and effectiveness of work. Thus the increase in nominal earnings must be differentiated. So the real value of earnings will increase for some earners, will not change considerably for some and will moderate for a third group. This is necessary because without this it would not be possible to encourage that increase in efficiency which will create the conditions necessary to maintain the average real wages.

It is necessary to increase the volume of social allotments by 15-16 percent so that--with appropriate social policy measures--the real value of individual allotments will remain the same or increase somewhat in the socially most sensitive cases (for pensions below the average, family supplements for those with three or more children and in the case of institutional service norms).

Monetary allotments will increase nominally by a total of 44-47 percent, by 16-17 percent at comparable prices. An increase in pensions will make up the crucial part (more than four fifths) of the increment. An increase in the number of pensioners will increase the sum paid out for pensions by 6 percent, changes in the composition of pensioners will increase it by 18-20 percent, the presently valid system for increasing pensions will increase it by 15-17 percent and measures necessary to preserve the real value of pensions now below average and to increase the real value of the lowest pensions will increase it by 7-8 percent. Thus the total pension sum will increase by 55-57 percent and the real value of this will increase by 24-25 percent. The number of those receiving family supplements will increase by 3 percent and the average family supplement per child will increase nominally by 27-28 percent, hardly increasing in real value.

Social allotments in kind--primarily as a result of an expansion of the institutional network--will increase nominally by 43-45 percent, by 14-15 percent in real value.

Thus the increase in the volume of social allotments will derive in crucial part from an expansion in the number and sphere of those receiving allotments or from changes in their composition; the real value of individual allotments will increase in relatively few cases. Thus what is characteristic in this case also is preserving the average standard of living, not increasing it.

If average real wages maintain their level and if the volume of social allotments increases relatively significantly, by 15-16 percent, the per capita real income of the populace will increase by 6-7 percent. Taking into consideration the expected savings by the populace, consumption by the populace--including material consumption--can be expected to increase by 7-9 percent.

Preserving the standard of living of the populace and the indicated increase in consumption will require more than 100 percent of the increment in internal use.

In addition one must also reckon with an increase in public consumption (including maintenance of state housing, road maintenance and other social expenditures).

This is possible only if net accumulation decreases. The five-year plan reckons with the fact that net accumulation in 1985 will be lower than that of 1980 by 10-12 percent, with the decrease occurring essentially in 1981. It must be noted that since amortization will increase by 32 percent--as a function of the increase in fixed assets and the changes in composition thereof--gross accumulation in 1985 will exceed the 1980 level by 8-9 percent even so.

As a result of the increase in consumption and the decrease in net accumulation the ratio of consumption in internal use of national income--calculated at 1980 prices--will increase from 76 percent for the years between 1976 and 1980 or from 80 percent for 1980 to 82 percent by 1985 while the ratio of accumulation will moderate from 24 or 20 percent respectively to 18 percent.

The question arises in this connection: Will not accumulation and the ratio thereof decrease to a level which is dangerous from the viewpoint of future development?

In answering this question it must be pointed out that net accumulation--which was very high in 1978--had already decreased in 1980 to 10 percent below the 1975 level, sinking to the 1974 level; in 1985 it will barely exceed the 1970 level. In the second place even such a level of net accumulation will make possible an increase in assets, especially of fixed assets therein, well exceeding that of the national income and will make it possible for gross accumulation between 1981 and 1985 to increase at the same rate as consumption. According to the plan gross accumulation in 1985 will exceed that of 1975 by 18 percent while popular consumption will exceed that of 1975 by 23 percent.

The level and ratio of net accumulation characteristic of the 1970's developed under circumstances in which accumulation was called on to prepare the economy for an average annual growth of around 5-6 percent. It can be predicted with great probability, from the epxected development of both internal and external factors, that this rate of economic growth cannot be achieved on a lasting basis even in the period following 1985. In regard to the period extending to 1990 the rate of economic growth, as an annual average, can hardly rise above 4 percent.

Under such circumstances maintaining the earlier ratio of accumulation (especially of producer accumulation)--at the cost of the standard of living--would not be justifiable on the basis of either economic or political considerations. It would result in excessive accumulation and an unjustified deterioration in the utilization of resources.

Thus the planned magnitude of accumulation satisfies the realistic needs of economic growth. But since there is a need not simply for growth but also for stronger than earlier structural changes, and the interdependent technological modernization resulting in an improvement of international competitiveness, laying the common foundations for these things is possible only through investment activity of a more intensive character which--as I have already suggested--will result not only in a more efficient utilization of accumulation tools but will also aid a better exploitation of existing fixed assets.

This will require, immediately and primarily, a certain modification of the composition of producing investments--and of the ratio of decision and financing categories in the interest of this--(among other things, an increase in the weight of borrowing as opposed to state financing and placing in the foreground developments serving the renewal, exchange and supplementation of technological investments as opposed to investments of an expansive character involving considerable construction) and will pose definite requirements in regard to the ratio of producing and infrastructural investments.

Naturally, the infrastructural investments will serve not only the development of the "background" for the producing sphere but also will serve to improve the living conditions of the populace. In this regard priority attention in the years ahead should be given to the development of housing, health and general school services and a further improvement of institutional services for small children and the elderly.

Taking into consideration the tasks and mutual effects appearing in the area of the directly producing sphere and the infrastructure led to the conclusion that there was no reason to change substantially, in 1981-1985, the ratio of producing and infrastructural investments characteristic of the period 1976-1980 as a whole, but the share of the latter should be increased somewhat. This will develop in this way:--the 1981 reduction in the investment level will be stronger than the average in the producing sphere while in the second half of the plan period producing investments can increase somewhat more than the average--but, naturally, still very moderately.

In this way the planned accumulation can lay the foundation not only for a modernization and future development of production but also for a modest but proportional development of the infrastructural network. At the same time, it appears that the level of accumulation between 1981 and 1985 will develop around the lower limit of the rational zone; a possible further significant reduction in it might cause serious difficulties in future social-economic development.

The development of the people's economy in the years ahead will move to a significant degree on a constrained path. The five-year plan--on the basis of a recognition and careful weighing of the possibilities and the subsequent necessities--indicates how, in the given circumstances, economic development should proceed, with what rate and chief ratios it can and must proceed so as to be socially and economically acceptable and have momentum from the viewpoint of the future also. Even in these most important respects the numbers in the plan should be regarded as estimates which express the basic direction and interdependencies of what is to be done but which must be adjusted to changing conditions and the realities of life in case of need.

The five-year plan also prescribes broad measures to lay the foundations for realizing the fundamental goals (in the area of economic regulation, state programs and other actions, the economic organizing activity of the state, modernizing the management conditions of enterprise, etc.).

All of this does not mean and cannot mean a complete guarantee that the goals of the five-year plan will be perfectly realized. It is not possible to rule out the

possibility that external economic conditions will develop in a way deviating from what was predicted or that new and unexpected phenomena will appear in economic development.

In this connection it must be remembered that in the given situation the people's economy is more vulnerable than before, the interdependencies are more strict, the danger of possibly unfavorable developments is greater. (For example, a considerably less favorable efficiency than planned or accumulation significantly exceeding what was planned could endanger the preservation of the standard of living.) For this reason short-range economic planning and operational economic guidance--observing, analyzing, evaluating and acting--must implement carefully, consistently and with foresight the realization of the economic policy line of the plan--not necessarily every numeric index of the plan--naturally avoiding those interventions which would hinder the healthy development of economic processes and the unfolding of favorable processes.

The extent to which the development of the people's economy will move on an essentially constrained path and when possibilities will open up for a more favorable development of social policy and economic development aspirations than outlined in the five-year plan will depend fundamentally--in addition to the development of external conditions--on those results we achieve in the area of improving the efficiency of the economy in the broadest sense.

In this respect the five-year plan is open; to the extent that we have more favorable possibilities and better economic results in the plan period society can enjoy the fruits thereof.

8984
CSO: 2500/230

END

END OF FICHE

DATE FILMED

28 May 81

TJB